SKILLED WORKER IMMIGRANTS

TOWARDS A NEW MODEL OF SELECTION

Current Selection Criteria: Indicators of Successful Establishment?

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Introduction

This paper assesses the effectiveness of selection criteria currently used to choose skilled worker immigrants as indicators of successful establishment. The analysis is intended to form the foundation upon which the new model of selection will be built.

The work draws upon the data contained in the recently updated Immigration Data Base (IMDB). The IMDB links immigration administrative records to income tax files. This linkage allows for the determination of whether each selection criterion and points structure in the current selection grid are relevant to successful establishment. Success is used here in a very narrow, economic sense. The higher the employment earnings and the lower the dependence on unemployment insurance benefits (the data coverage predates the introduction of employment insurance) the more successful an immigrant skilled worker is at establishing in Canada's labour market.

Economic success is important but it is not the only consideration in the design of the new selection system. The new design should also reflect Canada's broader immigration objectives and societal values. For example, the assisted relative bonus is in place not only for economic reasons (i.e. having someone in Canada to help enter quickly into the labour market) but is also a recognition of the importance of family in building strong communities. On the language front, the current system contains points for both official languages. This is done, in part, to reflect and encourage bilingualism in Canada.

Nonetheless, the economic measurement of successful establishment hits at the core of the policy for skilled workers. The raison d'être for the skilled movement is to choose individuals for their ability to contribute meaningfully to the economy and to increase Canadian productivity. This, in turn, helps to raise Canadian living standards. Skilled workers are expected to have strong attachment to the labour force. As such, the two key measures of successful labour market integration are employment earnings and dependence on unemployment insurance benefits.

The analysis is presented below under the following sections:

- Summary of Findings (page 3);
- The Data (page 4);
- Total Points (page 5);
- Education (page 9);
- Specific Vocational Preparation or SVP (page 13);
- Experience (page 17);
- Language (page 20);
- Age (page 31);
- Arranged Employment (page 33);
- Occupational Factor (page 36);
- Personal Suitability (page 40);
- Demographic Factor (page 44);
- Assisted Relative Bonus (page 45); and,
- The General Occupations List or GOL (page 49).

Summary of Findings

Overall, points stemming from the current selection grid have been reasonable predictors of successful establishment in Canada's labour market. The patterns and relationships between the core or primary selection criteria, such as education and language, and employment earnings and incidence of unemployment are fairly robust and clear across all landing years and for all tax years.

However, the effectiveness of many of the assessed criteria as indicators of success has diminished over time. Their signals as measured by the point structure have become blurred or muted. Also, there is significant overlap (i.e. double counting) among many of the criteria.

The key findings of the analysis include:

- ✓ Education, the primary element in human capital, is a fundamental indicator of labour market success. There is a question as to whether individuals with 12 years or less of schooling should be included in the definition of skilled worker.
- × There is significant overlap in the economic signals from education and SVP (now the Education Training Factor or ETF). This stems primarily from the definition of SVP, which has a heavy weight on education.
- ✓ A single measure is needed which captures the contribution of work experience to human capital formation. The current model uses two separate criteria, SVP and experience.
- × The experience criterion, as currently constructed, does not provide a clear signal of success. Its structure needs reworking.
- ✓ There is an unshakeable and long lasting relationship between language proficiency in either English or French and income and employment prospects.
- ✓ Earnings by age relate more to the patterns experienced by Canadians than to the "immigrant" factor. Arguments can be made for age limitations at the tail ends of working life.
- ✓ Arranged employment, i.e. actually having a job offer, is a solid factor in successful establishment. However, the role of the Designated Occupations List is open to question.
- ✓ The relevance of the Occupational Factor, another micro management tool which gauges the demand for each occupation, is strongly influenced by the "freshness" of the labour market information used.
- × Personal suitability is loosing its effectiveness as an indicator of success.
- ✓ The Assisted Relative Bonus increases the acceptance of marginal candidates, ones with weaker core attributes. These individuals do not perform as well once in Canada.
- ✓ There is some indication that individuals in occupations that are excluded in the skilled worker movement by the General Occupations List (GOL), but who come to Canada under the Family or Refugee classes, actually successfully establish in the labour market.

The Data

The analysis contained in this paper is drawn from the recently updated Immigration Data Base (IMDB). This database links immigration administrative records with income tax files. The linkage creates a powerful tool with which to gauge the economic performance of skilled workers. The data base allows for the linkage of points in the selection grid, assessed by criterion for each accepted skilled worker applicant, to income tax information on employment earnings and the collection of unemployment insurance benefits once in Canada.

The analysis focuses on the economic performance of principal applicants. It tracks landings from 1980 to 1993 over tax years 1980 to 1995.

The paper separates the skilled worker movement into two groups. The first, and the largest, contains those skilled workers who did not receive bonus points for having a relative in Canada. These individuals are referred to as Skilled Workers. The second group, labelled as Assisted Relatives, contains those skilled workers who did receive the bonus points. This latter group is discussed separately near the end of the paper.

As the analysis is aimed at determining the efficacy of the current selection grid, only those Independent category immigrants actually assessed under the grid are included in the data. The data do not include Independent immigrants coded under special programs (eg. Yugoslavia special measures. Although points may have been awarded, the intent was humanitarian and not a part of skilled worker selection) or those destined to Quebec (the province had special selection arrangements throughout the data under review). The data do include those individuals assessed by the grid and who were accepted with positive discretion.

The focus of the analysis is on the economic performance of various groupings of skilled workers relative to others within the same landing year. This is an intra-landing year analysis. Skilled workers are grouped for each criterion according to an applicable measure of strength/weakness (eg. by assessed points). The array of groupings for each criterion was influenced by the need to keep groupings of sufficient size so as not to be able to distinguish individuals. The minimum size had to hold across all landing years and all tax years.

By keeping the analysis on an intra-landing year basis, the paper was able to avoid problems of comparability due to the economic business cycle, inflation and changing selection rules and stances. All skilled workers landing in the same year face the same economic conditions. Irrespective of whether the economy is booming or in recession, the chances of finding/keeping employment or obtaining higher salaries/wages are the same. In addition, individuals landing in the same year most likely faced the same assessment regime.[1] This is not the case for differing landing years.

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[1] Changes in regimes affected the selection grid through changes in criteria weights and assessment points. Data adjustments were made to SVP and language to create uniformity of points structure across the time period under analysis. Education points were converted to educational level with the help of landings record information.

Total Points

Currently, the selection grid for skilled workers is comprised of 9 selection criteria with a maximum of 107 points available. An applicant needs to receive 70 points to pass.

The criteria and the maximum number of points for each are as follows:

- Education - 16 points;
- Specific Vocational Preparation or SVP (replaced by Educational Training Factor) - 18 points;
- Experience - 8 points
- Language (English and French) - 15 points;
- Age - 10 points;
- Arranged Employment - 10 points;
- Occupational Factor - 10 points;
- Personal Suitability - 10 points; and,
- Demographic Factor - a maximum of 10 points but currently set at 8.

Skilled workers with relatives in Canada are entitled to 5 bonus points. Assisted relatives are discussed in a separate section near the end of the paper.

In terms of total points, there has been a marked increase in the number of points awarded to skilled applicants over the period under analysis. In the early 1980s, the majority of skilled worker immigrants received less than 70 points. With the raising of the pass mark from 50 points (out of a total available of 100) to 70 on January 1, 1986, the distribution of total points shifted dramatically. With the pass mark at 70, of course, the majority now receive over 70[2]. The number that do not receive 70 and are still successful in their immigration application can be accounted for by factors such as the use of positive discretion and interview waivers. In the latter case, applicants do not receive up to 10 personal suitability points. Some of the low scores are also related to incomplete data in components (i.e. criteria) of the total scores.

Overall, the selection grid has performed reasonably well in terms of the linkage between total points assessed and employment earnings and incidence of unemployment. The charts on page 7 and 8[3][4] show clearly that skilled workers receiving the highest points were the top employment

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[2] The rise in the pass mark appears to be severe. However, the 20 point increase was offset within the grid by the removal of the 10 point penalty on arranged employment (i.e. -10 was replaced by 0), the inclusion of the levels control factor (i.e. the demographic factor which has a maximum 10 points but was set initially at 5), and the shifting of 5 points from the occupational factor criterion to language (more applicants receive points under the latter criterion than under occupational factor).

[3] Skilled workers who were paper screened-in only (i.e. without interview and not awarded personal suitability points) were few in number in the years under analysis. As such, the total point relationships shown in the charts were not affected.

[4] The number of skilled workers in the charts for the landing years 1985 and 1986 are very low in relation to other years shown. This was due to a temporary measure requiring all skilled worker applicants to have a validated

Footnote continued on next page.

income earners and had the lowest incidences of unemployment for all landing years and across all tax years. Conversely, individuals in the lowest point tier were the poorest performers. Although the groupings in-between placed according to their ranking, the performance gap between the point tiers has at times blurred. The selection grid is easily able to rank the top and bottom performers but the point differentials for applicants in-between have weakened as predictors of successful establishment.

What follows is a discussion of each criterion, including point structure, and its effectiveness as an indicator of economic success.

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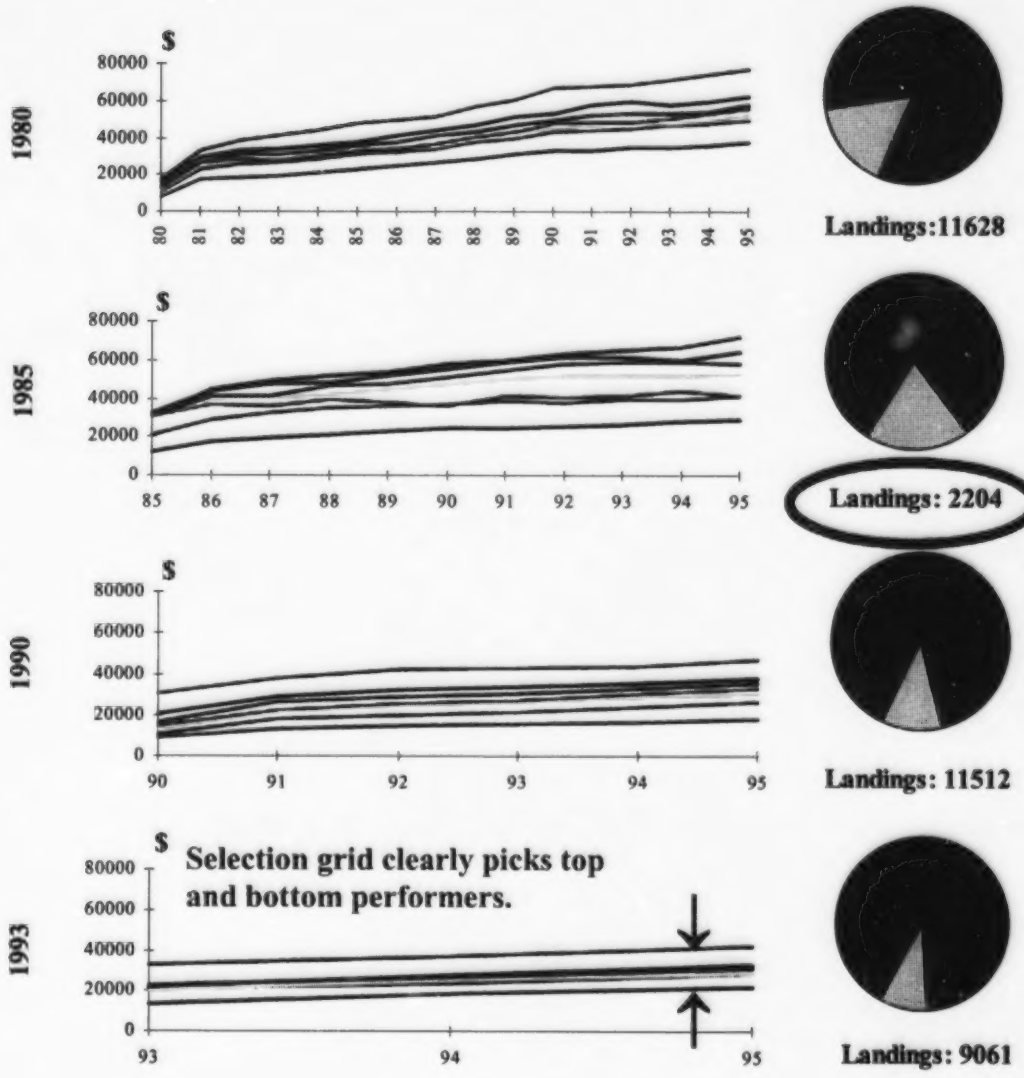
job offer. The measure was put in place on May 1, 1982 and was revoked on January 1, 1986. Levels did not recover until 1987 from this "closing down" measure.

SKILLED WORKERS
PROFILE: TOTAL POINTS
SELECTED LANDING YEARS

Employment Earnings | **Landings Composition**

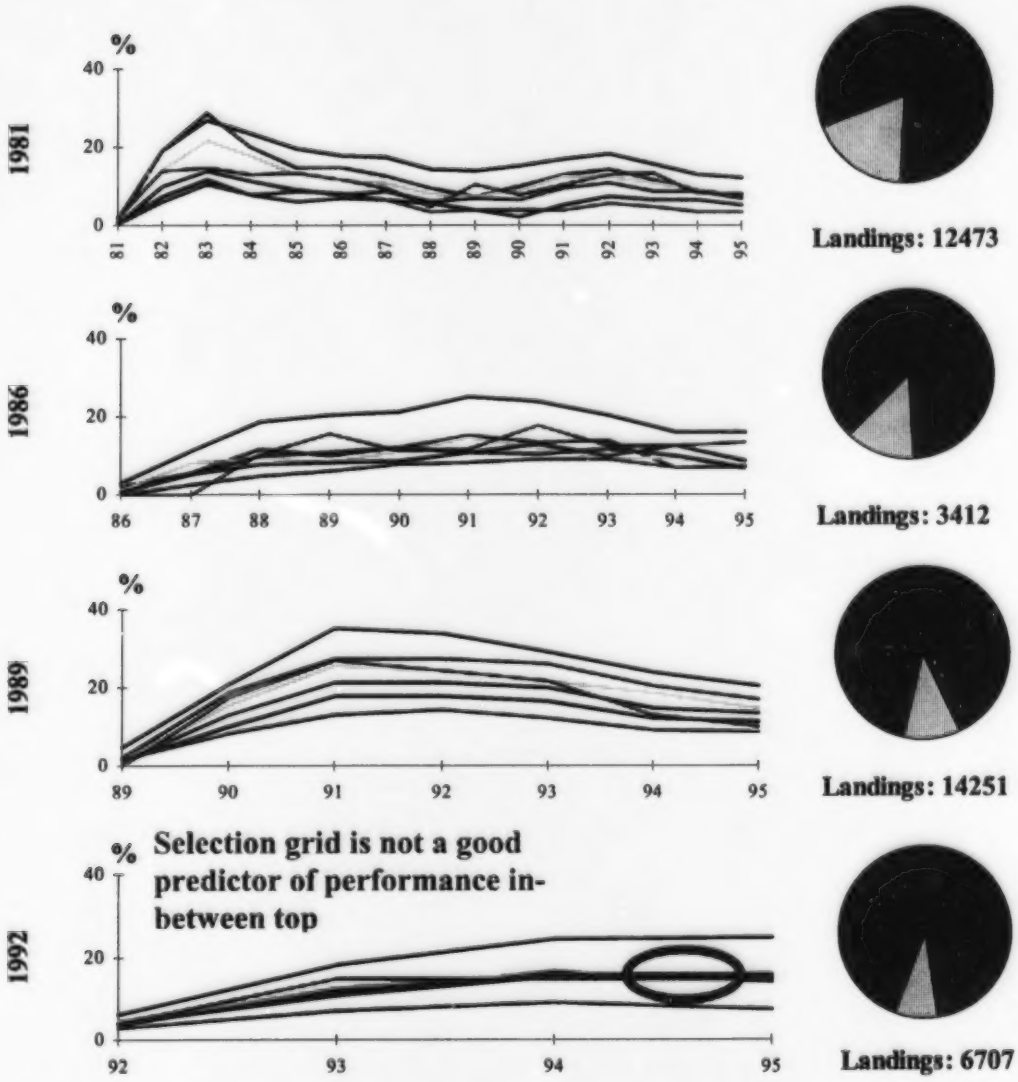


Points Awarded

■ 0 -59 pts ■ 60-64 pts ■ 65-69 pts ■ 70 pts ■ 71-75 pts ■ 76-80 pts ■ 81+ pts

SKILLED WORKERS
PROFILE: TOTAL POINTS
SELECTED LANDING YEARS

Landings receiving U.I. Benefits | **Landings Composition**



Points Awarded

■ 0 -59 pts ■ 60-64 pts ■ 65-69 pts ■ 70 pts ■ 71-75 pts ■ 76-80 pts ■ 81+ pts

Education

Education is fundamental in the definition of skilled workers. It is also the clearest and most basic pointer to an individual's level of human capital.

However, education has been given a relatively small weight in the selection grid. Prior to February 1, 1993, education accounted for 12% of the grid's points. This was raised to the current 15%. Of the maximum of 16 points available, points are awarded as follows:

- 0 for incomplete secondary school;
- 5 for secondary school not leading to university;
- 10 for secondary school with trade qualification or for one year full-time post-secondary study not requiring a university admission standard;
- 13 for one year full-time post-secondary study requiring a university admission standard;
- 15 for an undergraduate degree; and,
- 16 for post-bachelor degree.

The above distinctions between education levels are awkward and far from transparent. For this analysis, education is matched to income attainment and incidence of unemployment by basic levels of schooling (i.e. 0-9 years, 10-12 years, 13 years or more, trade certificate, college diploma and various university degrees).

The analysis finds that education is a pivotal factor in determining the ability to successfully establish in Canada. Mimicking results for the domestic labour force, employment earnings for immigrant skilled workers are directly related to level of education, while incidence of unemployment is inversely related (see charts on pages 11 and 12, respectively).

Nonetheless, a shift in the relative importance of educational attainment levels has taken place:

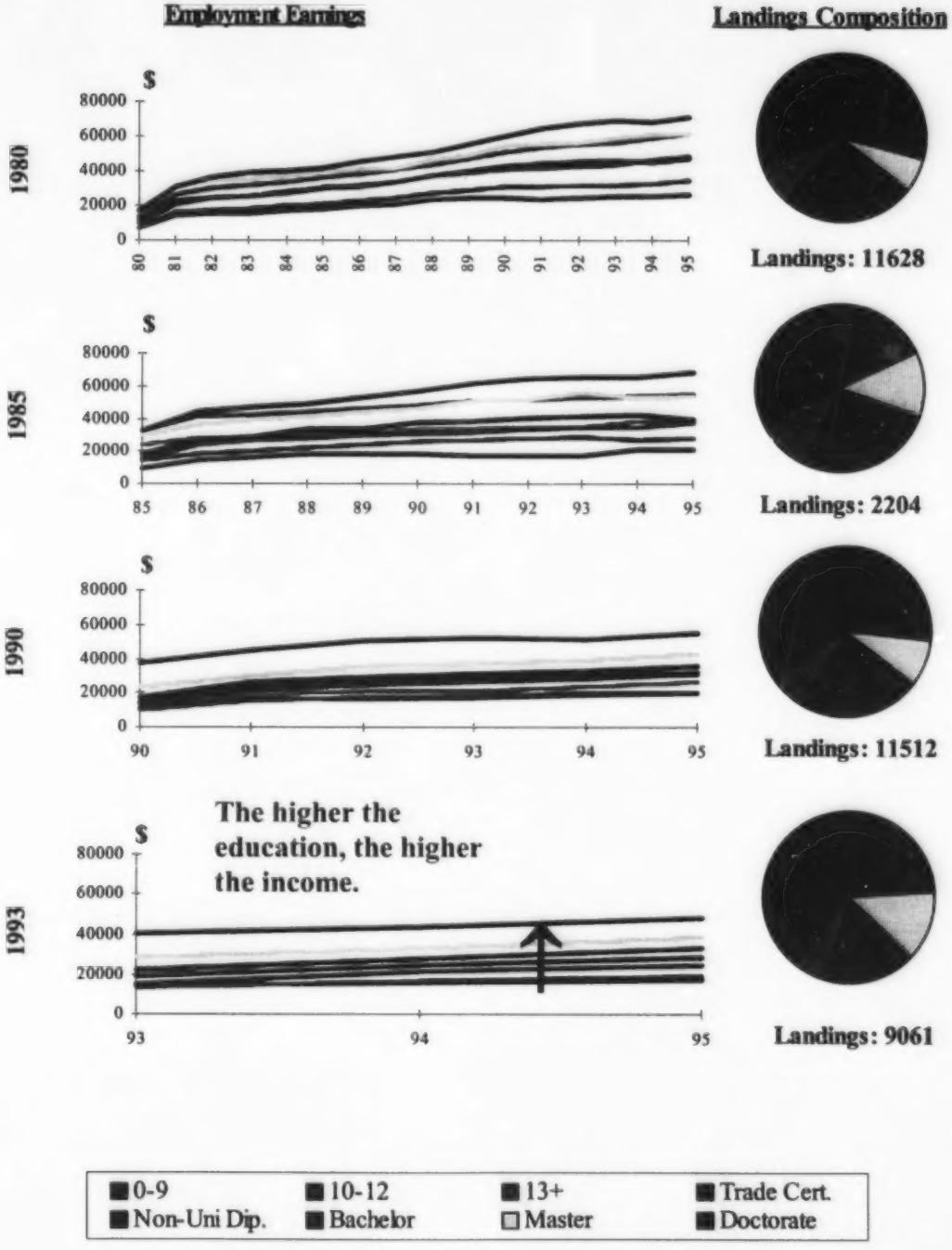
- a doctorate remains by far the highest income earning level of education. Its relative importance in an economy that is itself shifting to a knowledge based one remains intact;
- master's and bachelor's degrees commanded similar income levels for landings in the early part of the 1980s. However, landings in the 1990s show a relative slippage in the value of a bachelor's degree. This is consistent with the evolution of the domestic labour market. As more people obtain basic university qualifications, its relative value will decline. Furthermore, as bachelor's degrees become more and more commonplace, they also become more and more a basic requirement for even lower skill level jobs;
- a trade certificate and college diploma have stayed fairly close in terms of employment earnings over all of the landing and tax years. However, earnings by the trades may be relatively more affected than their college counterparts by economic seasonality and cyclical factors;
- the 13 years of schooling and over group clearly outperforms the lowest two educational groupings (0-9 and 10-12 years) and is similar in earnings to the trades and college groups. This may be an indication that the labour market places some value on education beyond high school that does not result in a trade certificate or college diploma. Perhaps it is a signal of ability to learn/acquire skills on the job. Or, it could indicate that many in this group continue to acquire education once in Canada; and,

- the lowest levels of education (0-9 years and 10-12 years) have the poorest performance. However, landings data for the 1990s show that this gap in earnings between the two lower end groups has closed. The labour market relegates the lowest educational levels to low skill/low income jobs.

Implications for New Selection Criteria

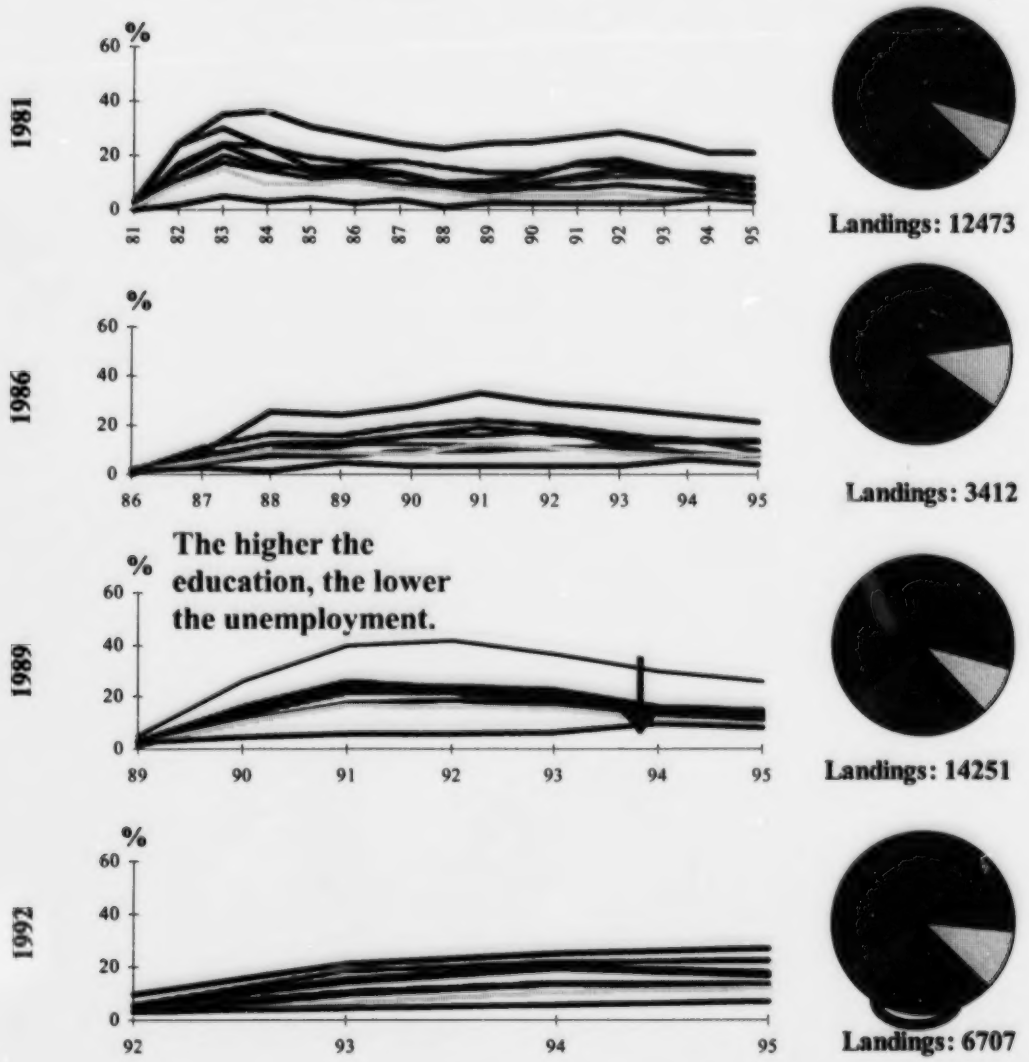
- ✓ **Education** is the most important selection criterion.
- ✓ The new grid should carry a higher weight for education.
- ✓ Education should be simplified for transparency purposes to reflect basic attainment (i.e. high school, trade certificate, college diploma or university and/or number of years of schooling).
- ✓ Within the criterion, the point spread along the education spectrum should be widened to emphasize the relative importance of the highest levels while discounting the lowest.
- ✗ There is a real question as to whether 0 to 12 years of education is sufficient to be included in the skilled worker category.

SKILLED WORKERS
PROFILE: EDUCATION
SELECTED LANDING YEARS



SKILLED WORKERS
PROFILE: EDUCATION
SELECTED LANDING YEARS

Landings receiving U.I. Benefits | **Landings Composition**



Questionable as Skilled Workers.

0-9	10-12	13+	Trade Cert.
Non-Uni Dip.	Bachelor	Master	Doctorate

Specific Vocational Preparation (SVP)

SVP[5] is a crude measure of the human capital needed to perform a specific occupation. Each occupation is ranked between 1 and 9 based upon the time necessary to obtain the knowledge and skills to perform a particular occupation. For the selection grid, the 1 to 9 index is converted to points ranging up to 18 (prior to January 1, 1986, SVP had a maximum value of 15 points):

- SVP of 1 or 2 are given 1 selection point;
- 3 remains 3;
- 4 becomes 5;
- 5 is changed to 7;
- 6 is raised to 11;
- 7 becomes 15; and,
- 8 or 9 are given 18 selection points.

Although SVP captures both formal education and post-education training/skills enhancement, it is heavily weighted toward formal education. Conversion to selection points puts more emphasis on upper SVP levels which, in turn, reflect the highest levels of formal education.

This emphasis on formal education remains and is even more apparent with SVP's replacement index, the ETF. Selection points are awarded as follows:

- 1 for no formal education/training;
- 2 for some secondary school education, on-the-job training or experience;
- 5 for completion of secondary school;
- 7 for post-secondary school course work, training, workshops or experience related to the occupation;
- 15 for certificate or diploma of college or technical school, apprenticeship, vocational school training or specialized training program;
- 17 for bachelor's degree; and,
- 18 for master's or doctorate or professional degree requiring additional education beyond bachelor's level.

The SVP criterion carries a direct weight of 17% in the selection grid. (Indirectly, another 8 points, or 7%, is available through the SVP formulation for the experience criterion.)

Like education, there is a strong relationship between SVP and successful establishment -- the higher the SVP, the higher the level of employment earnings (refer to charts on page 15) and the lower the incidence of unemployment (charts on page 16). This pattern is consistent for all landing years and across all tax years. The results, however, may be more a reflection of education as opposed to post-education training. It is also interesting to note that the share of skilled workers accounted for by low levels of SVP has diminished significantly from the early

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[5] Although SVP was replaced by the Educational Training Factor (ETF) in the selection grid, this was not done until 1997 and is outside of the data range for this analysis.

1980s. This could, in part, be a reflection of shopping for the "best" occupation in terms of SVP points[6].

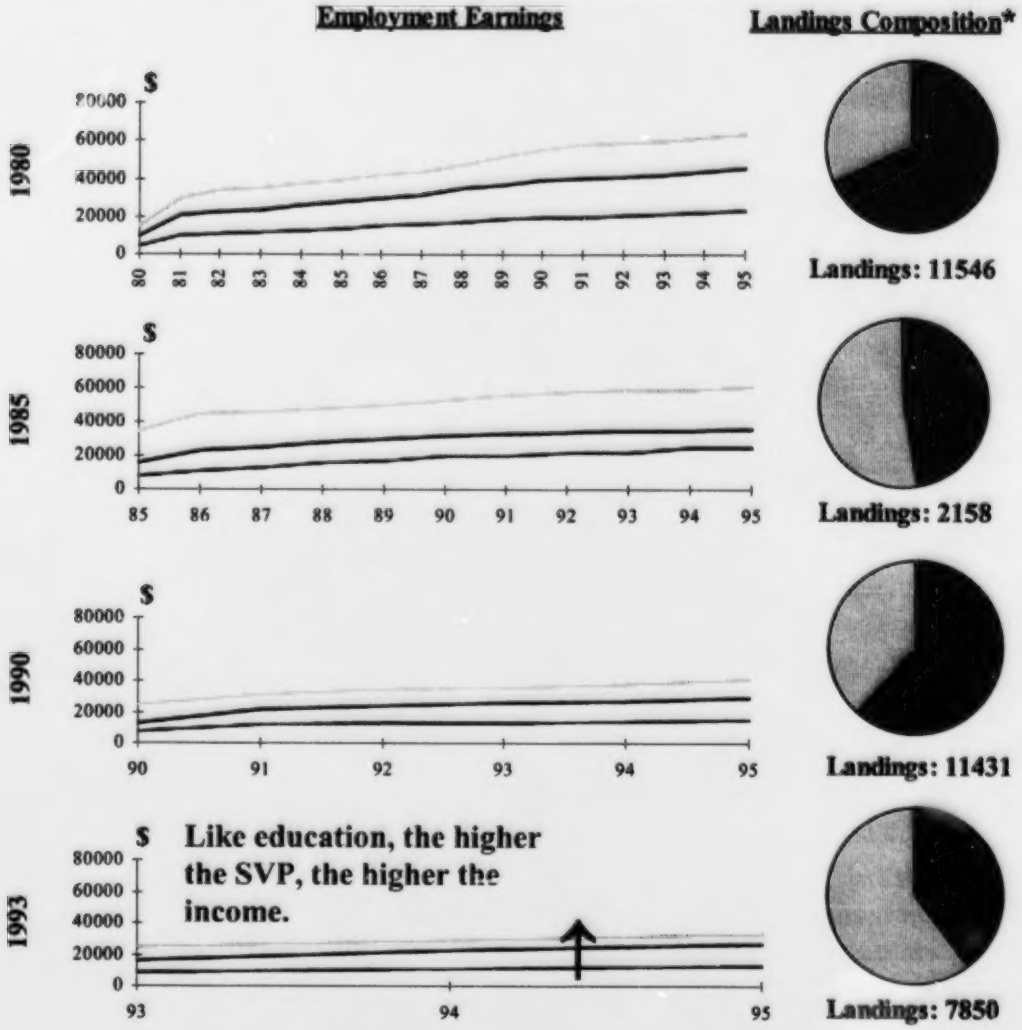
Even though SVP and education are closely linked, SVP can still have a separate role to play in the new model. It can be used not as a measure of human capital or a reflection of education but as a proxy for on-the-job learning. The assumption would be that an individual who performed work at a certain level of SVP would gain skills/training related to that work exclusive of education. In the current model, SVP is used in this manner in awarding points for experience.

Implications for New Selection Criteria

- ✗ **SVP** is very much a micro management tool. Given its overlap with education and the fact that it is the core of the experience criterion, it carries far too much weight in the current model.
- ✓ There is little compelling reason to include SVP as a stand-alone assessment factor.
- ✓ SVP's role in selection may be more appropriate in connection with experience.

[6] This issue and the usefulness of this criterion may have been significantly affected by SVP's replacement. The ETF is based upon the National Occupational Classification's Education Training Index. The Index often provides a range of ratings for an occupation. For example, bartenders are given 4 or 6. In comparison, an electrical engineer is rated at 7.

SKILLED WORKERS
PROFILE: SPECIFIC VOCATIONAL PREPARATION (SVP)
SELECTED LANDING YEARS



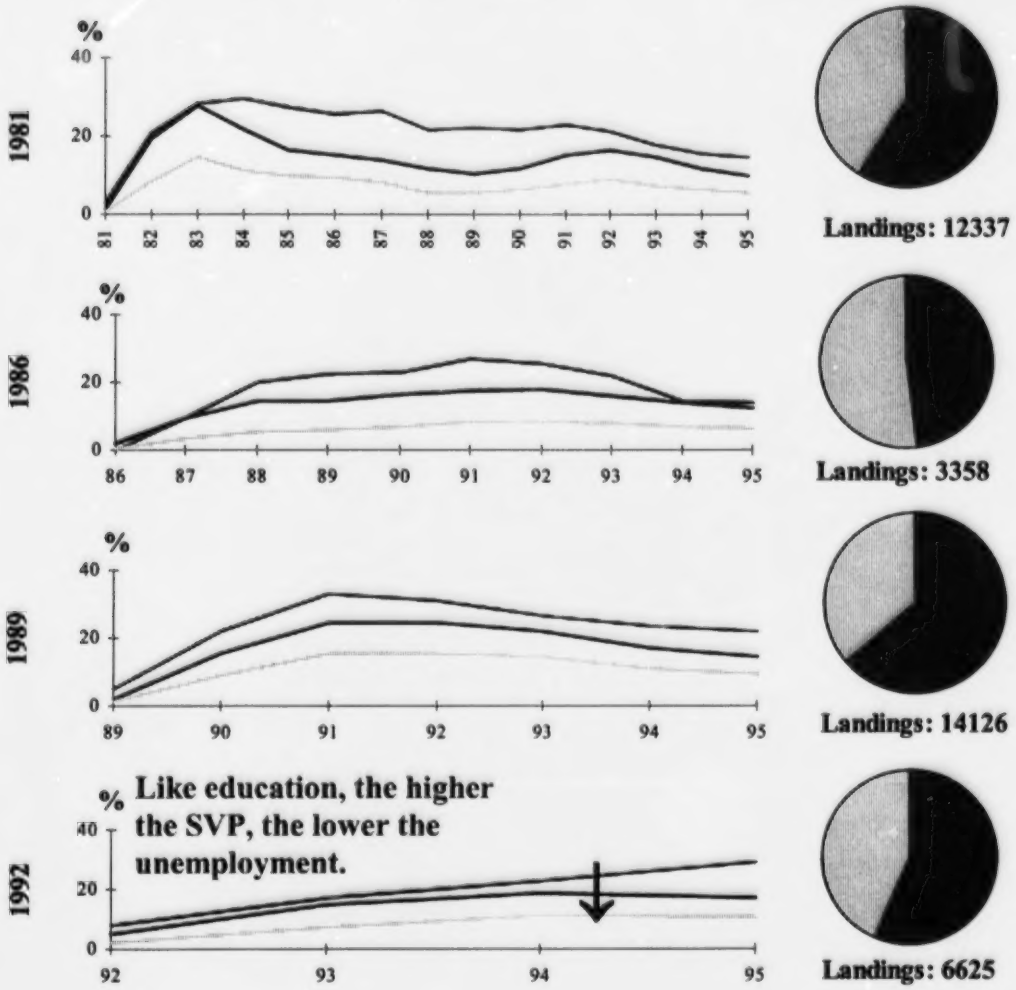
Points Awarded

■ 1,3,5 Pts ■ 7,11 Pts ■ 15,18 Pts

*** Excludes landings with unidentified SVP**

SKILLED WORKERS
PROFILE: SPECIFIC VOCATIONAL PREPARATION (SVP)
SELECTED LANDING YEARS

Landings receiving U.I. Benefits | **Landings Composition***



Points Awarded

1,3,5 Pts	7,11 Pts	15,18 Pts

*** Excludes landings with unidentified SVP**

Experience

Experience is allotted a maximum of 8 points (or a weight of 7%) in the selection grid. An applicant must score at least 1 point under this criterion unless he/she has arranged employment or is qualified in and destined to a designated occupation. Experience, in terms of length of time working, is counted up to only 4 years. Points are awarded based on the occupation in which the applicant is assessed (i.e. SVP points awarded). SVP points and the number of years worked are linked to award experience points as follows:

- for SVP of 1 or 2
- - 2 points regardless of number of years worked;
- for SVP of 5 or 7
- - 2 points for 1 year of experience
- - 4 points for all other years worked;
- for SVP of 15
  - 2 points for 1 year of experience
  - 4 points for 2 years
  - 6 points for all other years worked; and,
- SVP of 17 or 18
  - 2 points for 1 year of experience
  - 4 points for 2 years
  - 6 points for 3 years
  - 8 points for 4 years.

Experience points, as currently structured, are not clear indicators of successful establishment. Ranking of experience points does not correspond to ranking of success (see charts on page 19). The highest point tier does, by far, earn the highest employment earnings (and has the lowest incidence of unemployment). This group's strong performance is consistent across all landing years and for all tax years. However, the translation of experience points into performance does not hold for the remaining point groups. Employment earnings and profiles of unemployment are very similar. The 4 and 6 point groups track each other fairly consistently, while the 2 point tier does only slightly less well.

A possible explanation for this blurring of performance is that the structure of the experience points matrix lumps significantly different income earners together. The matrix, therefore, is nothing more than a grouping mechanism that averages out income performance. To illustrate, a new worker (1 year of experience) in an occupation ranked at SVP 18, say an actuary, is awarded the same number of experience points as a more experienced worker (at least 4 years) with an SVP occupation of 2, like a waiter. Each is given 2 experience points. However, in terms of economic performance, the two example occupations are on completely different earnings/unemployment tracks. The actuary should have a much stronger economic profile than the waiter. By grouping them together, the economic picture is averaged, smoothed and muted.

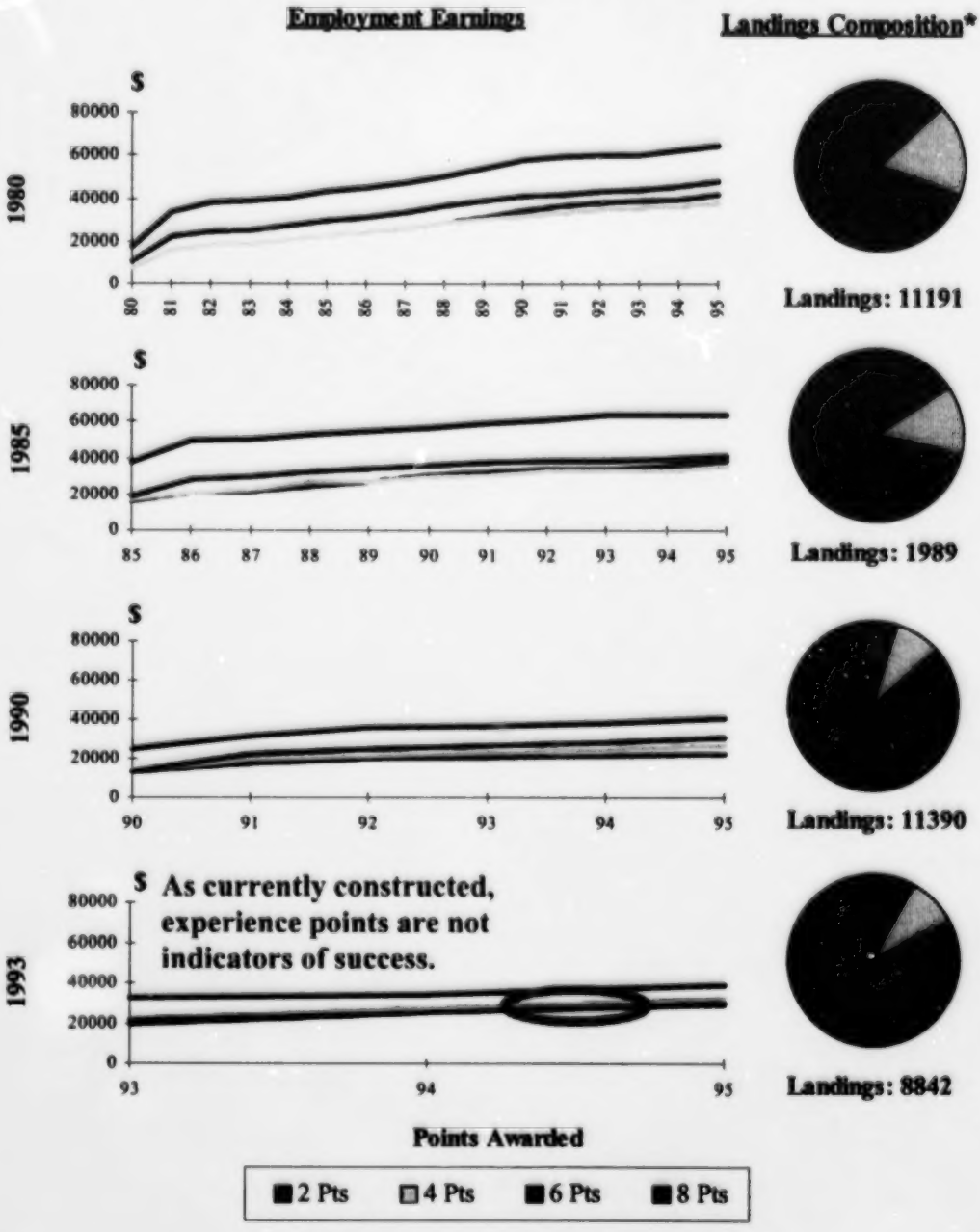
This blurring does not apply to the 8 experience points category. This tier contains only individuals with the highest SVP levels and with the most experience. This is a grouping of "like" economic performers. The 8 point group's strong performance does show that experience

with its SVP linkage, is a proxy for human capital development from work (i.e. post formal education).

Implications for New Selection Criteria

- ✗ **Experience** points need to be restructured to reflect economic performance.
- ✓ Experience should be recent.
- ✓ More weight needs to be given to work experience with higher degrees of complexity (i.e. higher SVP).
- ✓ The SVP linkage remains an important element in terms of gauging the amount of human capital gained from work experience.
- ✓ There is some question as to whether the 4 year timeframe for experience is too narrow. Any lengthening, however, would need to be balanced against the age criterion.

SKILLED WORKERS
PROFILE: EXPERIENCE
SELECTED LANDING YEARS



*** Excludes landings with unidentified experience**

Language

Language proficiency, i.e. the ability to communicate, is an important skill needed in the labour market.

In the current selection grid, language carries a maximum weight of 14% or 15 points. (The importance of language was recognized on January 1, 1986, when language points were increased by 5 points.) Of the 15 points available, up to 9 can be awarded for the strongest knowledge of one of Canada's official languages (up to 3 points each for speaking, reading and writing), while up to 6 points can be given for knowledge of the other (up to 2 points for each category). Proficiency is measured in terms of "difficulty", "well" and "fluently". The applicant performs a self-assessment of language proficiency. This self-assessment can be adjusted by the visa officer based on paper documentation or at interview. The interview stresses speaking over reading and writing skills. In any case, there is a question as to whether visa officers have the tools and training to properly assess language.

The relevancy of the language criterion to successful establishment is assessed in terms of the primary and secondary languages. Each has its own role to play.

Primary Language

Most jobs in Canada are unilingual. For the labour market, it is the strongest of the official languages that matters the most in gaining and keeping employment. In the current selection system, up to 9 points are awarded for primary language skills.

Most successful applicants are awarded the full 9 points for the primary language (see charts on page 22). However, this result cannot be interpreted as strong fluency. Language points may mask the use of informal discretion. In the case of interview, a visa officer may be inclined to award a 9 if the applicant can conduct the interview in a reasonable manner without an interpreter. Individuals receiving less than 9 most likely have poor to no proficiency levels in the primary language.

Employment earnings data clearly show that language is a key factor in successful establishment. The importance of language proficiency is striking, as demonstrated by the fact that for every landing year under study (1980 to 1993) individuals who received 9 points for the primary language not only started off earning higher employment earnings than skilled workers with poor/no language proficiency but continued to earn higher incomes. Skilled workers coming to Canada without a reasonable command of an official language seem never to recover from this impediment to successful establishment. The income gap remains and can be observed for people who have been in the labour market for a year or two or who have been working for 15 years.

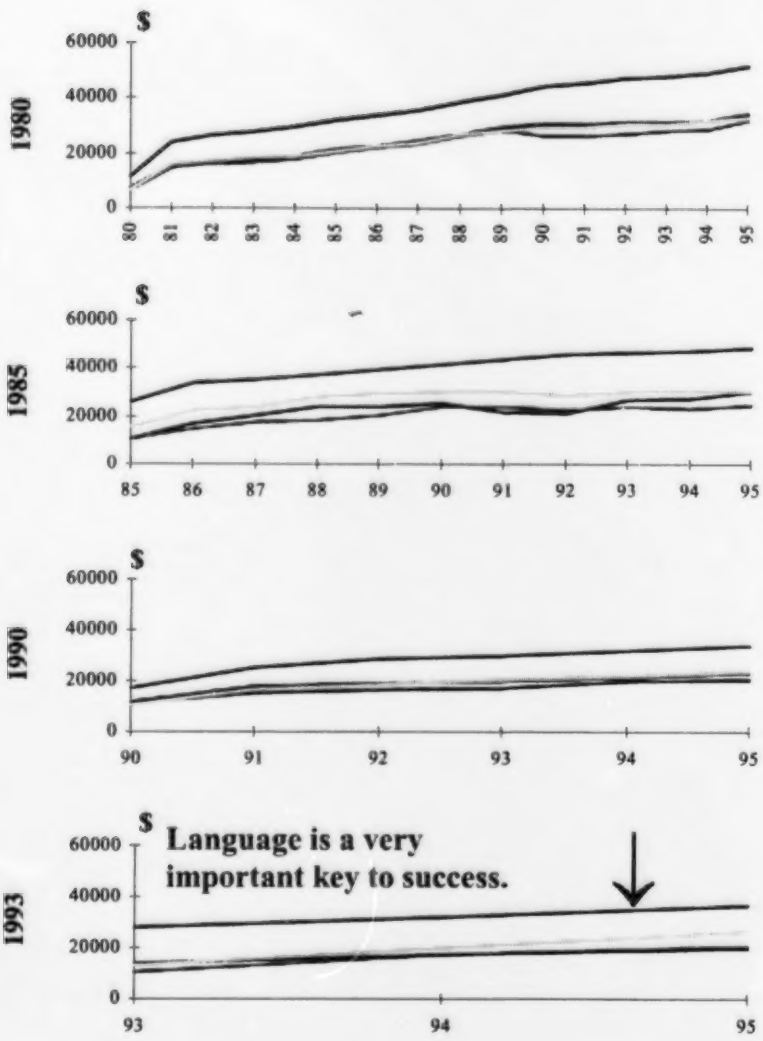
In terms of the incidence of unemployment, the signal is clear as well. Individuals who have the strongest levels of language proficiency are the least likely to be unemployed throughout their working careers (see charts on page 23).

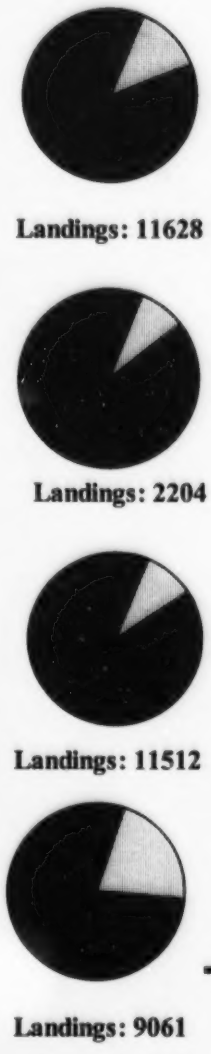
The importance of language carries through to the occupational level. Individuals assessed the maximum points for primary language tend to outperform those with lesser levels of proficiency. This relationship holds right across the board; from occupations requiring the highest levels of education to ones with the lowest levels of skills (refer to charts on pages 24 to 26).

These results may be an indication that individuals with low language skills upon entering Canada are less likely able to function in their given occupation. It may funnel them permanently into positions requiring lower education and skills levels then they possess. In essence, the lack of language may close off their ability to use all of their human capital and to realize their full potential. Human capital that is not used is lost and represents a permanent loss to Canada. The labour market, by pushing these newcomers down the human capital ladder, may also be displacing Canadians on the lower level job rungs. These Canadians also are put in "second best" positions.

SKILLED WORKERS
PROFILE: PRIMARY LANGUAGE
SELECTED LANDING YEARS

Employment Earnings | **Landings Composition**





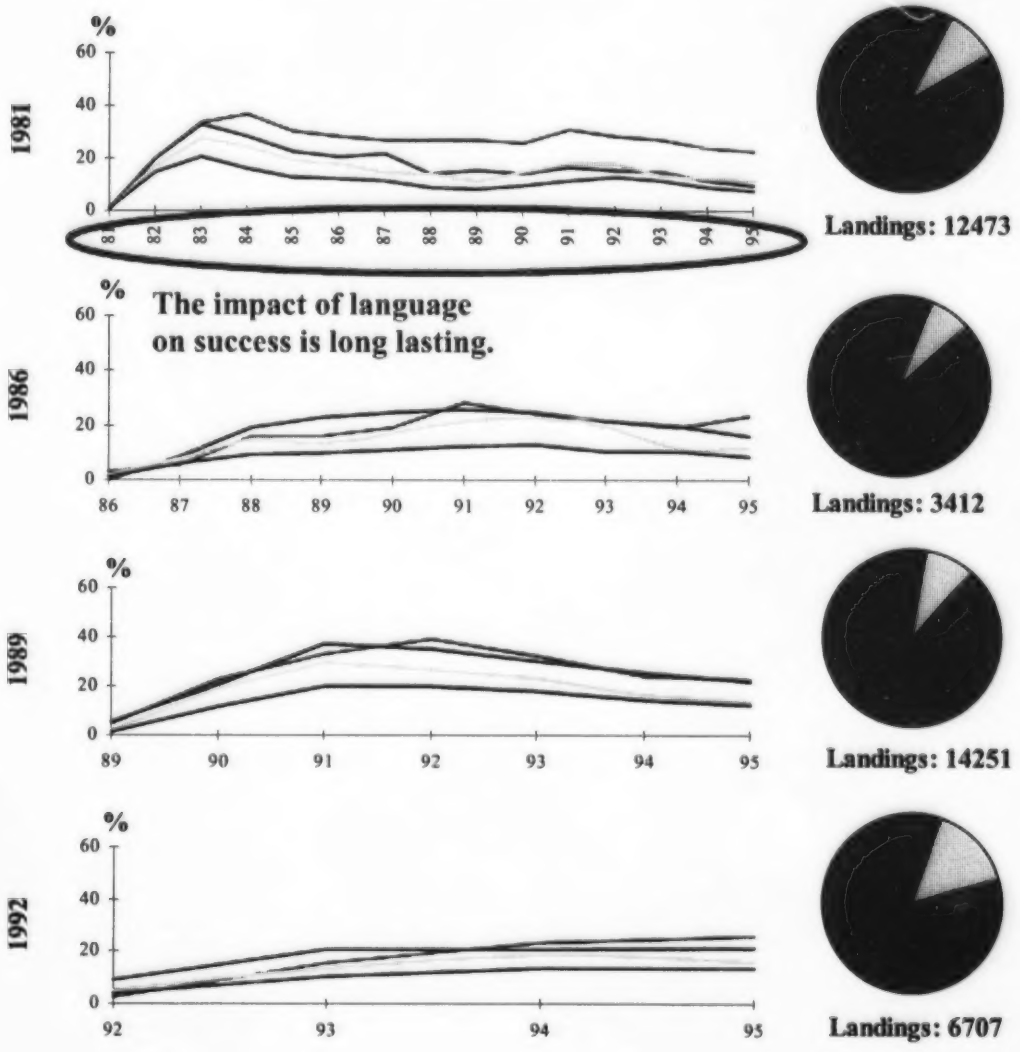
Is the awarding of points too generous?

Points Awarded

■ 0 Pts ■ 1-4 Pts □ 5-8 Pts ■ 9 Pts

SKILLED WORKERS
PROFILE: PRIMARY LANGUAGE
SELECTED LANDING YEARS

Landings receiving U.I. Benefits | **Landings Composition**

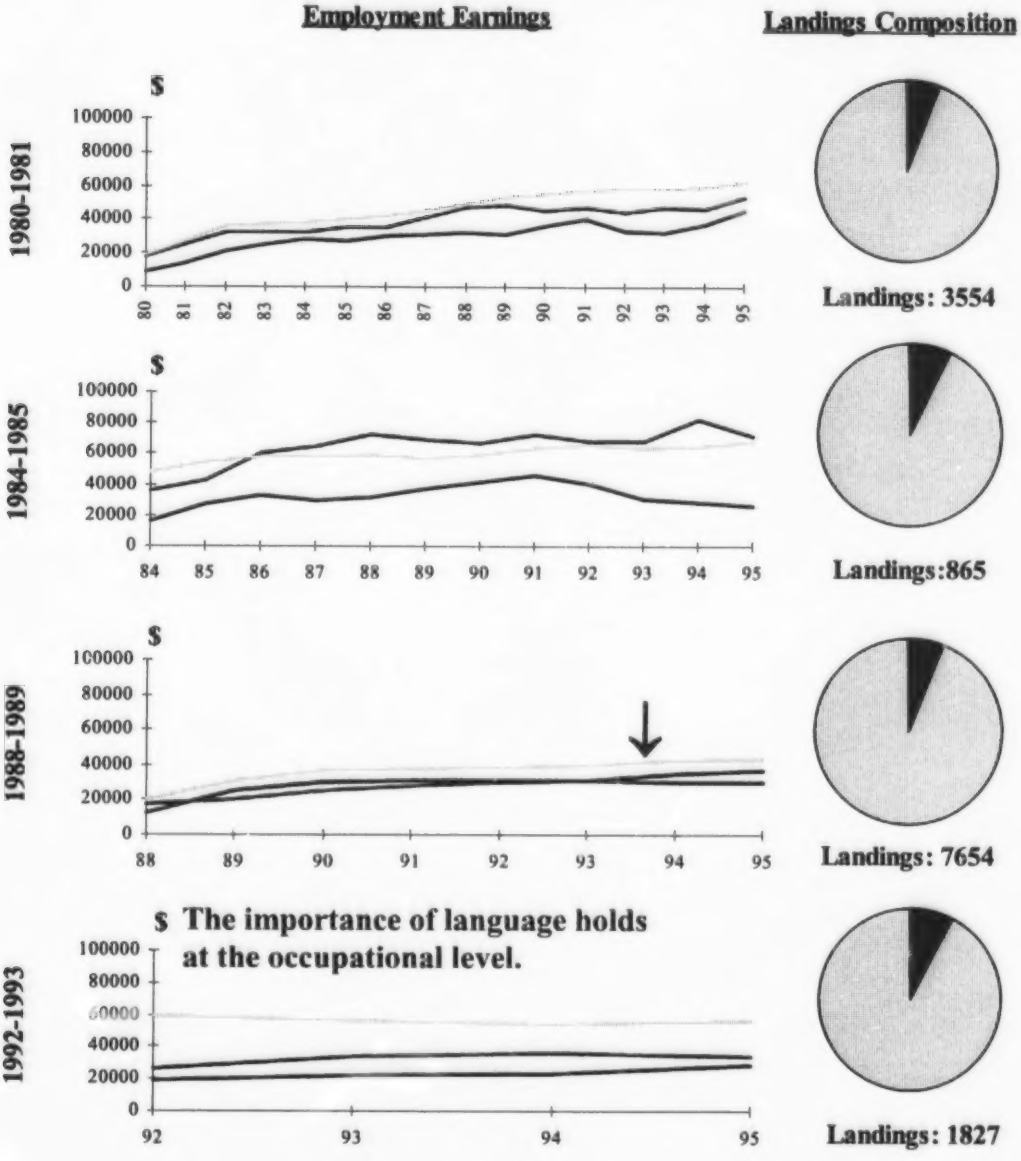


The impact of language on success is long lasting.

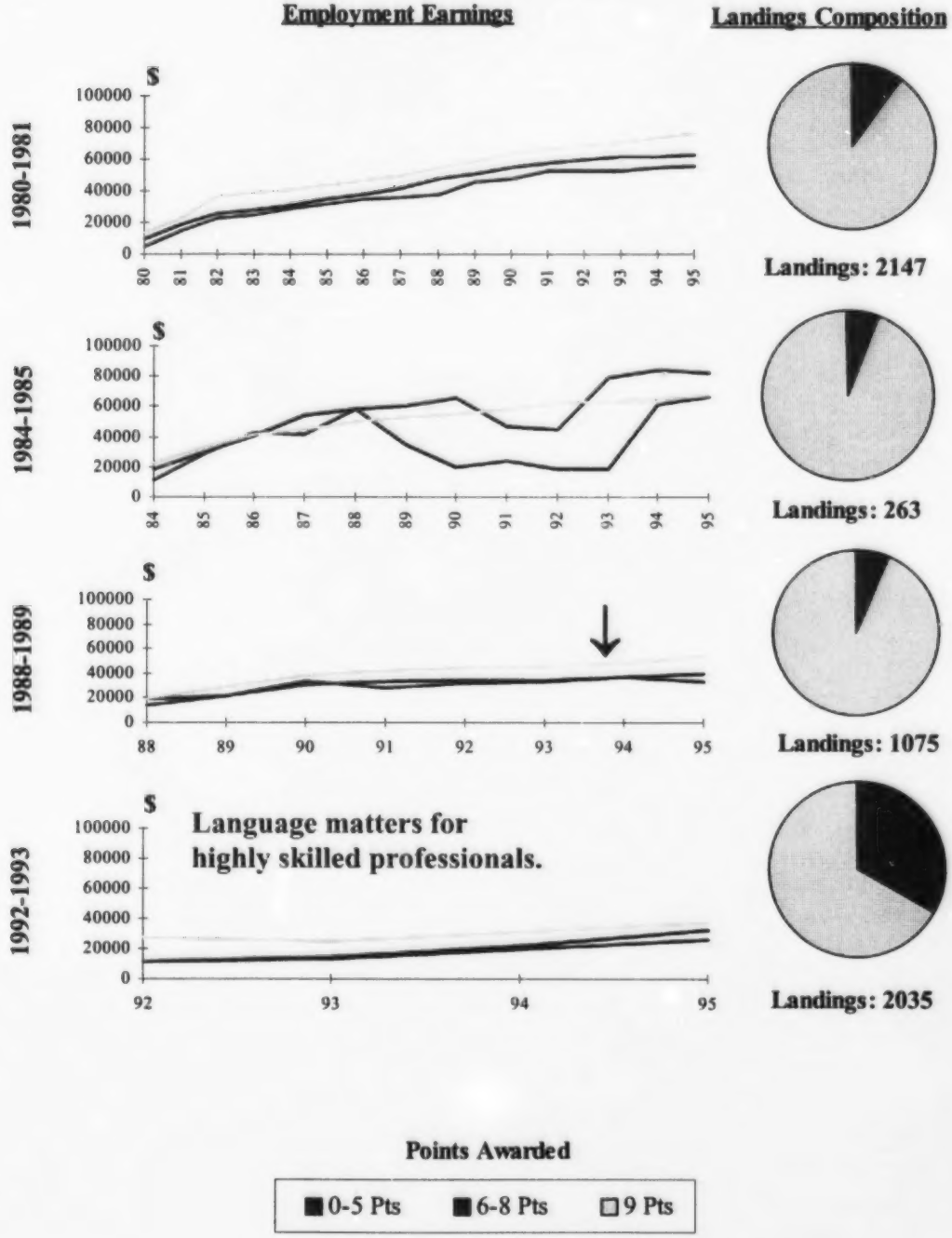
Points Awarded

■ 0 Pts ■ 1-4 Pts □ 5-8 Pts ■ 9 Pts

SKILLED WORKERS
PROFILE: MANAGER/ADMIN/ACCOUNTANT & PRIMARY LANGUAGE
SELECTED LANDING YEARS



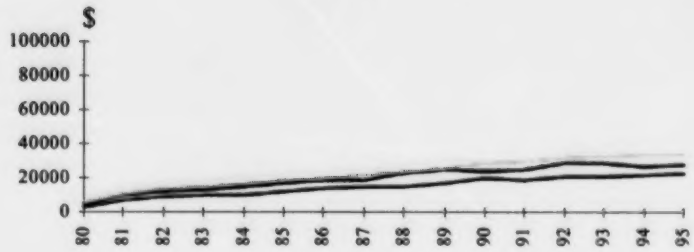
SKILLED WORKERS
PROFILE: ENGINEER & PRIMARY LANGUAGE
SELECTED LANDING YEARS

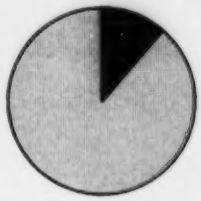


SKILLED WORKERS
PROFILE: CLERICAL & PRIMARY LANGUAGE
SELECTED LANDING YEARS

Employment Earnings | **Landings Composition**

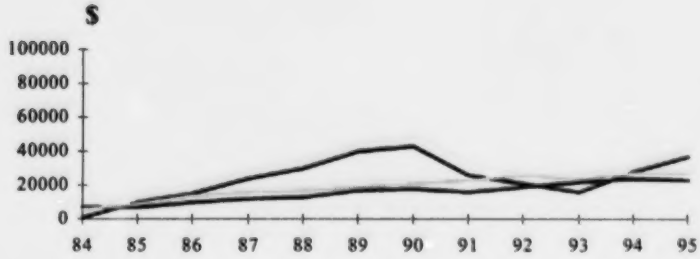
1980-1981





Landings: 1175

1984-1985

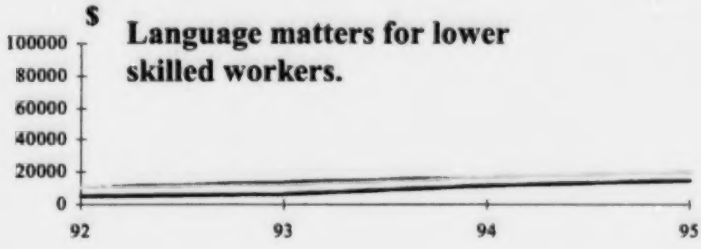


Landings: 148

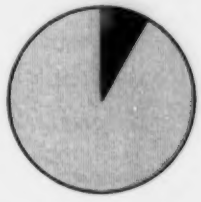
1988-1989

Landings: 5034

1992-1993



Language matters for lower skilled workers.



Landings: 704

Surprisingly generous?

Points Awarded

■ 0-5 Pts ■ 6-8 Pts □ 9 Pts

Secondary Language

The other issue in language is the role of the secondary language for successful establishment. The current system awards up to 6 points (in comparison to 9 for the primary language). It appears that knowledge of the secondary language does not translate into higher earnings. Charts on page 29 show the income profiles according to proficiency in the secondary language of individuals who obtained 9 points for the primary language. There is no statistically significant distinction between the 3 proficiency groups presented. (This pattern holds as well for unemployment. There is no discernible difference in terms of propensity to collect unemployment insurance benefits based on knowledge of the secondary language.)

Another way of looking at the secondary language is to look at total language points awarded (for both primary and secondary). The charts on page 30 show that there is a clear earnings difference between individuals with 9 or more points and those with less. The 3 groups with 9 or more points command about the same earnings levels (and have a similar propensity to collect unemployment insurance benefits). The bulk of the upper proficiency groups received 9 points for primary language and between 0 and 6 for the secondary language.

Employment earnings and unemployment insurance benefits data suggest that the 6 points awarded for the secondary language may be too high in relation to 9 for the primary language. In addition, the high number of points for the secondary language creates an opportunity for marginal candidates to be accepted as skilled workers. This occurs because the points awarded for secondary language are not fully related to successful establishment and act as a type of bonus points. Six points can easily be the difference between pass and fail.

Nonetheless, there may be an economic rationale to still award some points for the secondary language. Knowledge of the second language may play a role in obtaining work quicker or another job if unemployed. It may also offer the bilingual individual a slighter wider array of job choices (bilingual jobs in addition to unilingual ones).

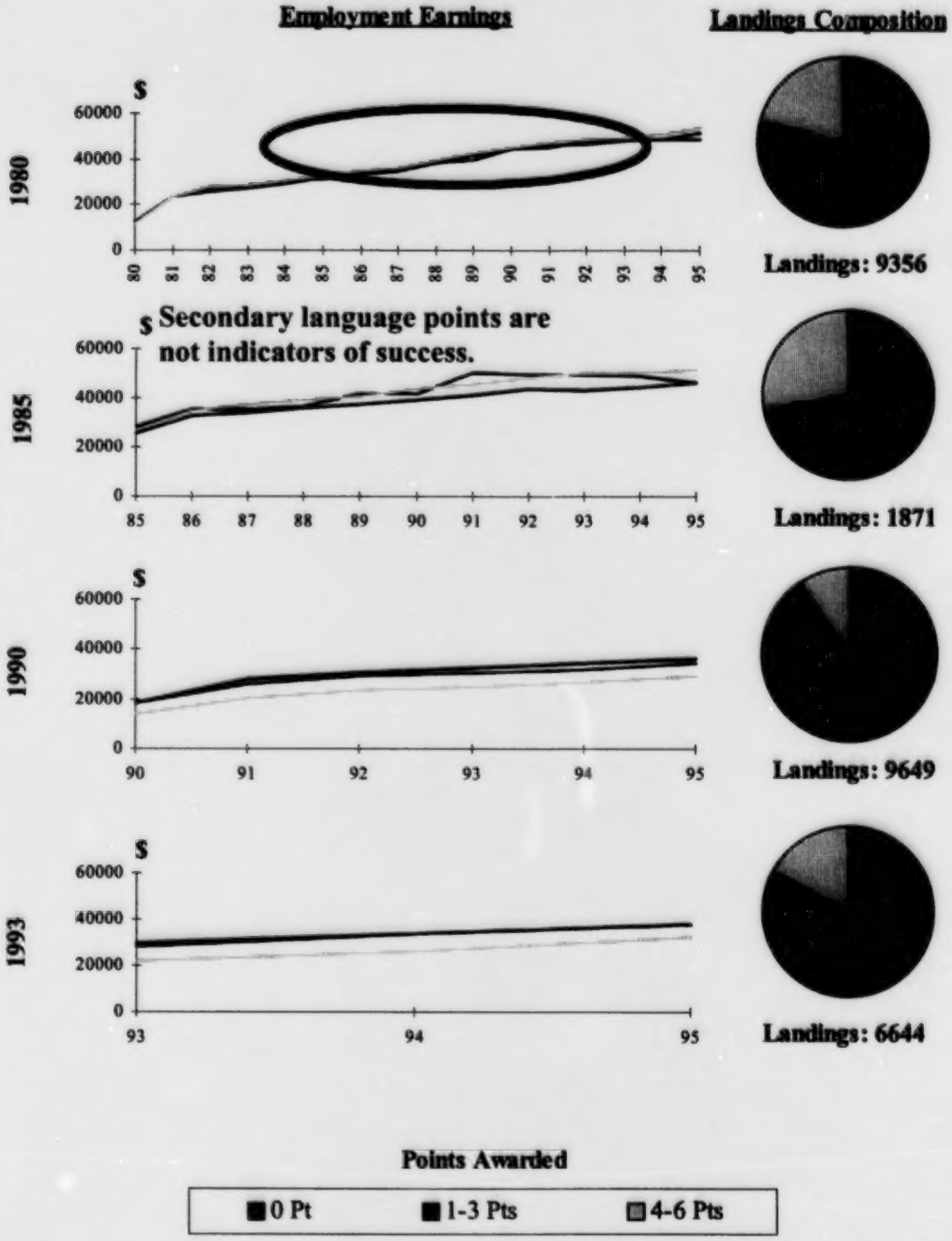
The fact that the majority of skilled workers are awarded 9 points for the primary language raises concerns over the issue of language testing either in a new model or in the existing system. Had language testing been in place, there is little doubt that the majority of candidates would have been assessed differently (i.e. less than "fluency" level). This must be considered when structuring points in the new selection grid.

Language testing and the possible restructuring of the points awarded should not be interpreted to mean that the criterion is being modelled to act as a barrier to entry. The intention of these types of changes is to more accurately reflect and to have the scope to reward the language abilities of all skilled worker applicants. Currently, with most skilled workers receiving the top number of points for primary language, it is difficult to distinguish in terms of points those who are truly fluent from those with more moderate but still working level knowledge of English or French. However, any changes to the weights and point structure of the language criterion would need to be balanced elsewhere in the new selection system to ensure that skilled workers with average language knowledge would still be able to obtain enough points to pass.

Implications for New Selection Criteria

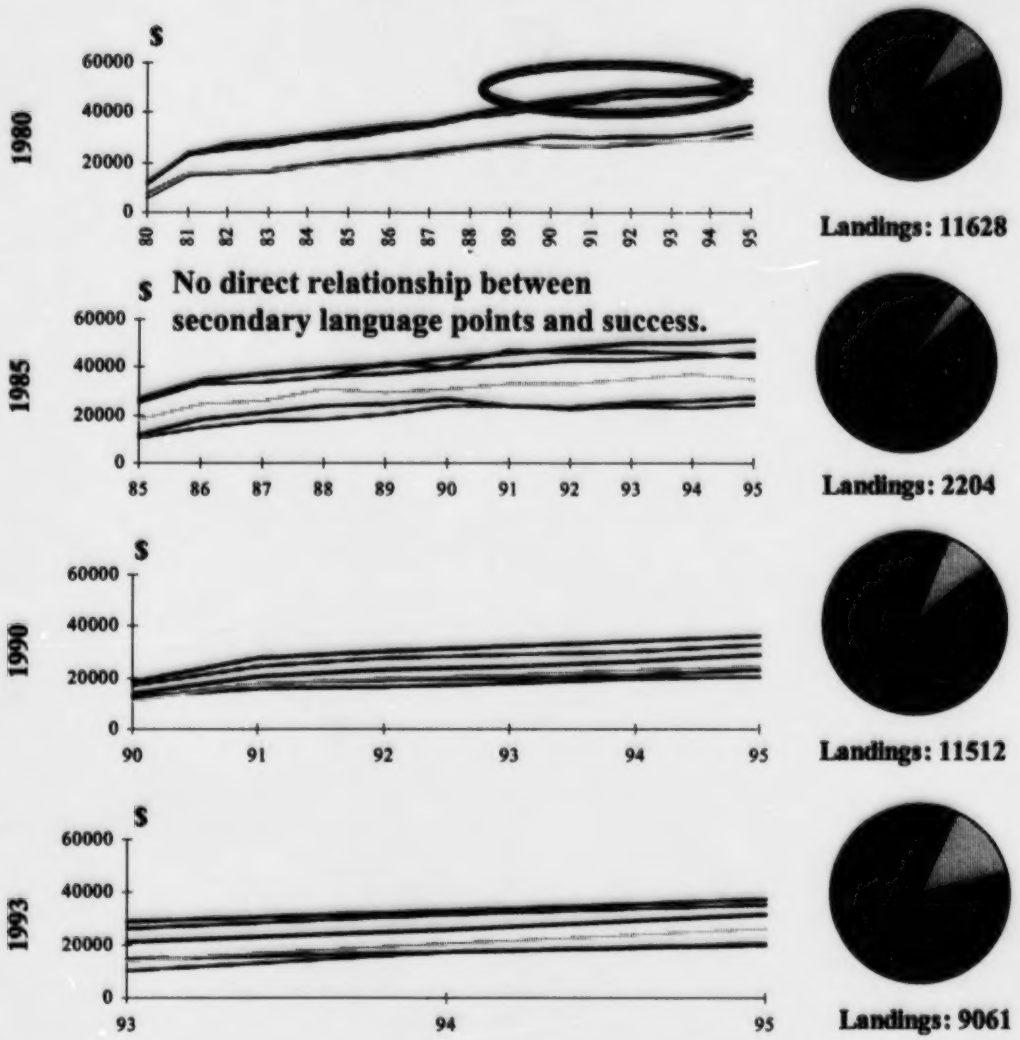
- ✓ **Language** proficiency (i.e. ability to communicate) is clearly a key selection factor.
- ✓ The importance of language should be reflected with a heavier weight in the new grid.
- ✓ The point spread between the "fluency" level of proficiency and the other levels should be widened.
- ✓ The point split between primary and secondary language should be adjusted to place the most emphasis on the primary language. However, the grid should still recognize and encourage bilingualism.
- ✓ Language testing would provide a more realistic assessment of proficiency. Its impact would no doubt reduce the number of applicants receiving high points and, thereby, reduce the discretionary element to this criterion.
- ✓ Language should not be used as a barrier to entry. Any changes to the weights and point structure of the language criterion should be balanced elsewhere in the new selection system.

SKILLED WORKERS
PROFILE: PRIMARY LANGUAGE = 9 & SECONDARY LANGUAGE
SELECTED LANDING YEARS



SKILLED WORKERS
PROFILE: PRIMARY AND SECONDARY LANGUAGE
SELECTED LANDING YEARS

Employment Earnings | **Landings Composition**



Points Awarded

0 Pt | 1-5 Pts | 6-8 Pts | 9 Pts | 10-12 Pts | 13-15 Pts

Age

The selection grid gives a 9% weight to age. The maximum of 10 points is awarded to applicants between 21 and 44 years of age. Two points are deducted for each year that the applicant's age is above or below this range.

Around half of the skilled worker movement is comprised of individuals in the 25 to 34 year old age band. The share of this group has remained fairly constant (see charts on page 32). The age band of 35 to 49 has been increasing in share and was only a little smaller than the younger band in the early 1990s. This has been at the expense of the 24 years and younger cohort.

The profile of employment earnings and incidence of unemployment are very much consistent with those of the domestic labour force and in-line with life cycle earnings theory. Older workers, with more experience, earn more money than younger workers. Conversely, younger workers, new to the labour market, have more difficulty entering the labour market and retaining employment.

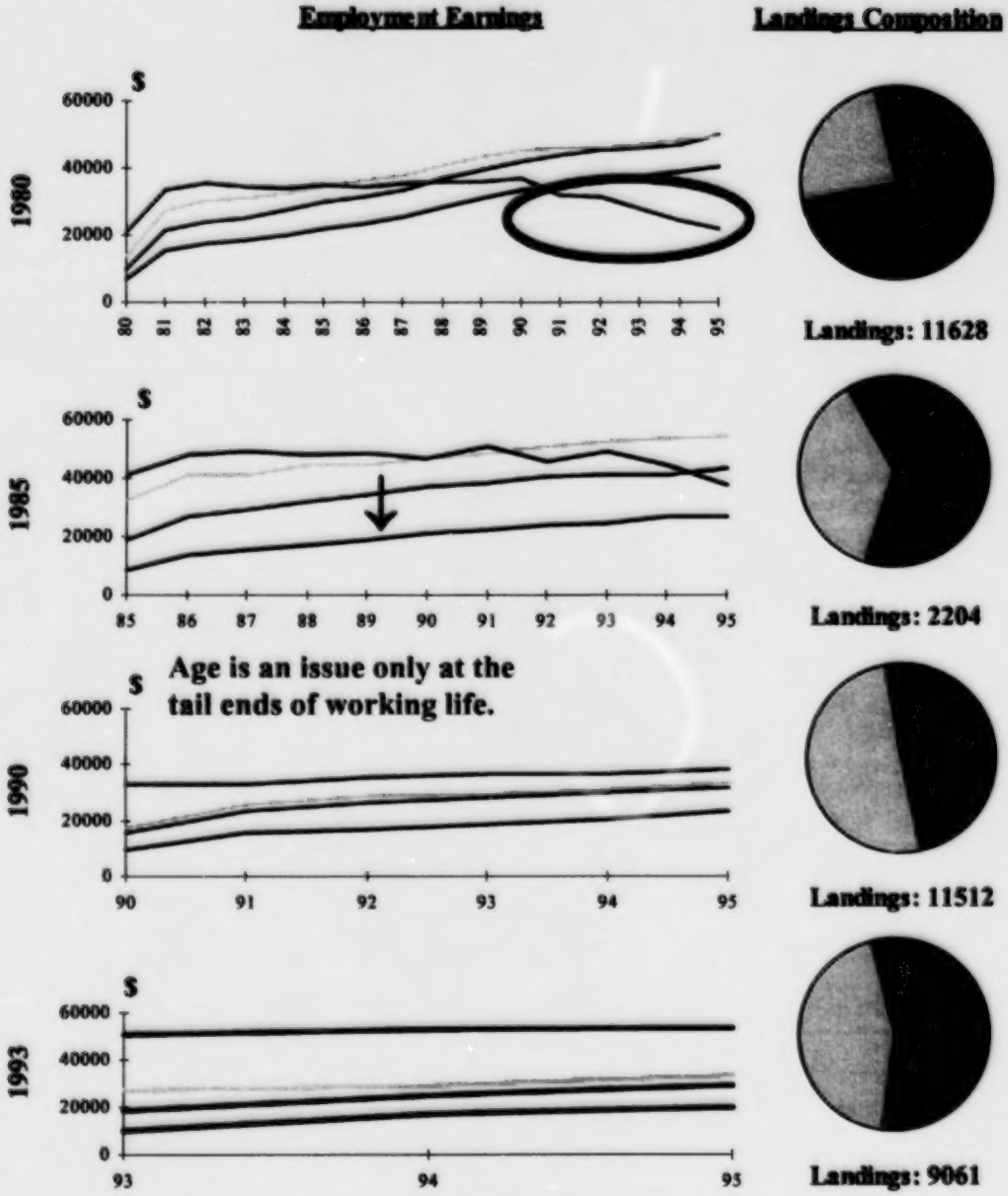
The performance of the oldest cohort (50 and over) is buoyed by arranged employment. A significant number of older skilled workers move to a job. However, their contribution to the economy through work, or alternatively, their attachment to the labour force, declines significantly with the onset of the retirement years (which today is 50 or older). While the younger 3 age groupings have rising employment earnings profiles over all of the years under analysis, the 50 plus group has the expected tapering off in employment earnings associated with falling labour market participation.

On the other end of the age spectrum, the youngest cohort (24 years or younger), age impacts successful establishment from the perspective that it limits the amount of time available in the home country to obtain higher levels of education and working experience to be used once in Canada. Post-bachelor's degree levels of education do not figure prominently in this cohort's tool bag of human capital. As such, the earnings profile once in Canada is less than other cohorts.

Implications for New Selection Criteria

- ✓ Issues related to **age** occur at the tail ends of working life. The youngest workers experience difficulty entering the labour market and keeping employment while the oldest workers have only a short time to participate in the labour market.
- ✓ Little distinction in selection points should be made for ages between the tail ends.

SKILLED WORKERS
PROFILE: AGE AT LANDING
SELECTED LANDING YEARS



Arranged Employment

Arranged employment accounts for 9% of the points available in the selection grid. A skilled worker can obtain 10 points in the selection grid if he/she has an offer of employment. The job offer may or may not require validation. The 10 points can also be awarded if the applicant is qualified for and willing to work in an occupation deemed to be "designated". The Designated Occupations List (distinct from the General Occupations List) is a listing of occupations in demand in specific provinces. Points for designated occupations are provincial in nature while points for the occupational factor criterion are national in scope. To obtain the designated points, the skilled worker agrees to go to the province in which the demand exists. Currently, there are no occupations on the Designated Occupations List.

Having a bona fide job offer is clearly a factor in successful establishment in the labour market. The hardest and most pressing task for a new skilled worker in Canada is to become an active participant in the labour market. This means obtaining employment. Success is greatly enhanced should this be accomplished prior to coming to Canada. This also means that the Canadian employer is satisfied with the overall levels of education, experience and language proficiency. As the charts on page 35 show, the impact of a job offer not only benefits the new entrant to Canada's labour market initially, but also over the longer term.

Immigrants with job offers outperform those without throughout working life in Canada. This may be a reflection of the differences in opportunity to fully capitalize on human capital. Immigrants with job offers are selected by Canadian employers because of their qualifications. These immigrants have the opportunity to use their human capital more fully. Those without job offers face difficulty in obtaining employment which capitalizes on their full sets of skills and education. Most likely, they must accept employment below their capabilities. Once done, this forms a more or less permanent trap (i.e. experience in Canada is now at a lower level, hard to move up).

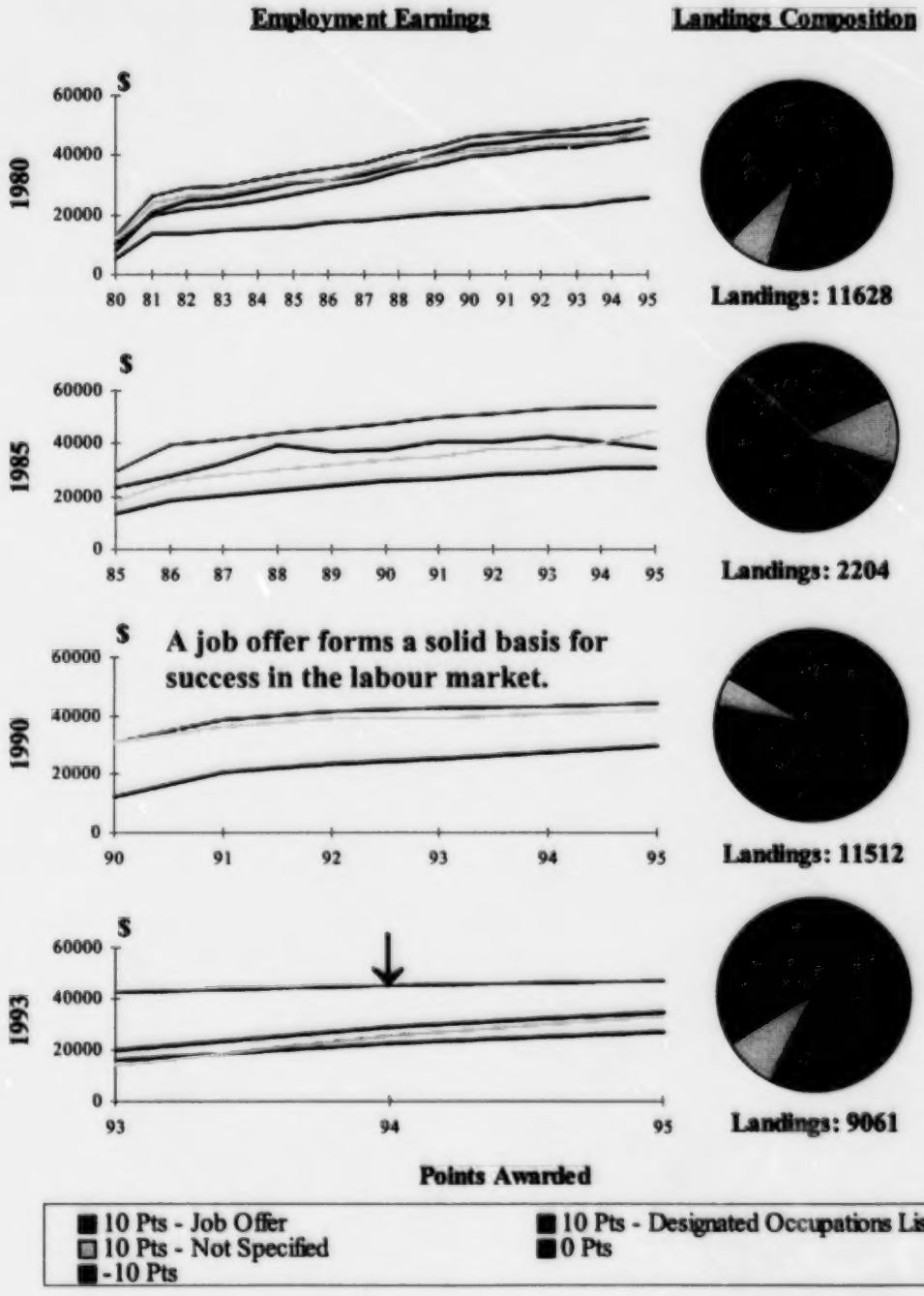
The performance of immigrants who received 10 points for occupations on the Designated Occupations List is not uniform across the time period under analysis. In some landing years, success is only second to those with job offers. In other years, the performance is less than those who did not receive 10 points for arranged employment.

One would think that the next best thing to a job offer is being in an occupation in demand. This makes obtaining and keeping employment easier. However, the Designated Occupations List is a micro management tool of labour markets. Its soundness depends upon its accurate reflection of the conditions in local labour markets. And, because it deals with local labour markets, it does not have applicability if the immigrant does not actually locate in the area of demand. (Do immigrants actually follow through on location once in Canada?)

Implications for New Selection Criteria

- ✓ **Arranged employment,** i.e. actually having a job offer, is a solid factor in successful establishment. It should continue to be a factor in selection.
- ✗ However, the role of the Designated Occupations List is open to question. It should not continue in the new model.

SKILLED WORKERS
PROFILE: ARRANGED EMPLOYMENT
SELECTED LANDING YEARS



Occupational Factor

The occupational factor awards points to a skilled worker applicant based on an assessment of the supply/demand conditions in the labour market for the applicant's occupation and whether there is a realistic expectation that the applicant will be able to use his/her occupational skills in Canada. An occupational rating is contained in the General Occupations List (GOL).

The occupational factor is a micro management tool. Its emphasis is on short to medium run labour market conditions. To be most effective, it needs to be kept in an evergreen state (i.e. updated frequently to reflect ever changing labour market conditions).

The occupational factor carries a weight of 9% in the current selection grid. A maximum of 10 points can be awarded. (Prior to January 1, 1986, the occupational factor was allocated up to 15 points.) Also important is the fact that a rating of "0" can only be overcome by arranged employment or with the use of positive discretion, i.e. a factor of at least 1 is mandatory.

The analysis indicates that the occupational factor is not a solid indicator of successful establishment. The highest marks for the factor have translated into the highest income levels and the lowest incidences of unemployment for only some of the landing years. In many of the landing years the linkage between the factor and income and unemployment are lost or blurred (see charts on pages 38 and 39).

The lack of relationship between the factor and successful establishment may re-enforce the very micro management aspect of occupational demand. To be effective as a selection tool, significant resources must be expended to keep it continuously up-to-date. The tool would be much more effective if it was localized (i.e. focused on local labour markets) as opposed to being kept at the broader national level. However, this would raise another problem. Once points were awarded, it would be difficult to ensure that the skilled worker actually moved to the local labour market where his/her occupation was in demand. As well, circumstances in the labour market may change significantly between the time the points are awarded and the time the skilled worker actually arrives in Canada. In the end, it is difficult for governments to effectively manage the labour market, matching occupations and people to local labour markets. In the case of immigrants, it is even more difficult to encourage location away from the largest metropolitan areas of the country.

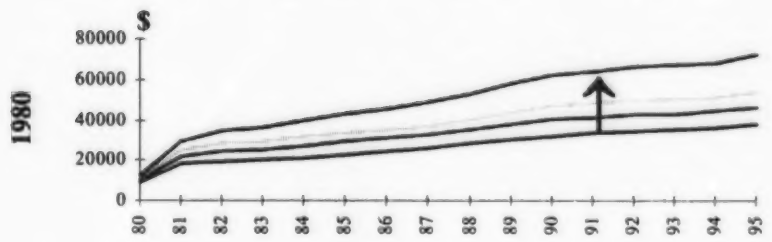
Nonetheless, the concept of occupational demand is not without merit in assessing successful establishment. It may be better incorporated as part of the information that could make up personal suitability than as a stand alone factor in the new selection grid.

Implications for New Selection Criteria

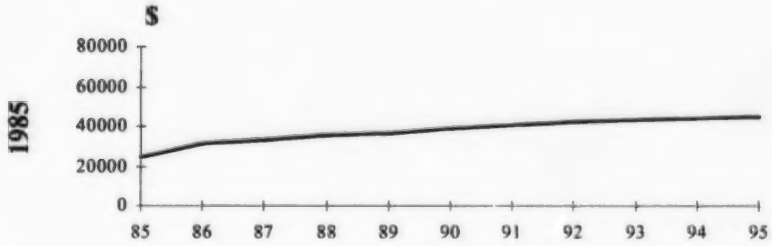
- ✖ The **Occupational factor** is a micro management tool. It should not be included as a stand alone selection factor in the new model if it cannot be kept in an evergreen state (i.e. updated regularly to reflect changing labour supply and demand conditions).
- ✓ The concept of occupational demand could be a consideration in awarding personal suitability points (the skilled worker is more likely to succeed if he/she can demonstrate that his/her skills are in demand).

SKILLED WORKERS
PROFILE: OCCUPATIONAL FACTOR
SELECTED LANDING YEARS

Employment Earnings | **Landings Composition**

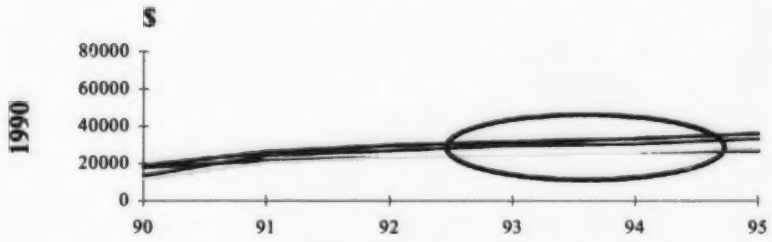


Landings: 11628

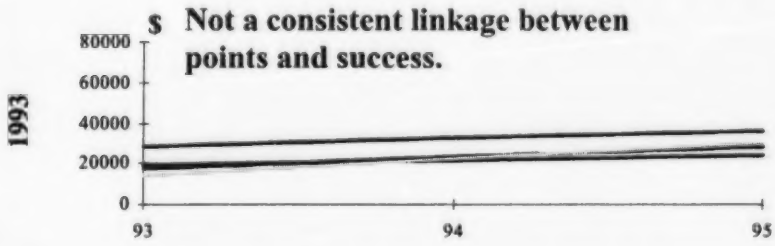


Landings: 2204

All 0s, temporary measure to shut down movement.



Landings: 11512



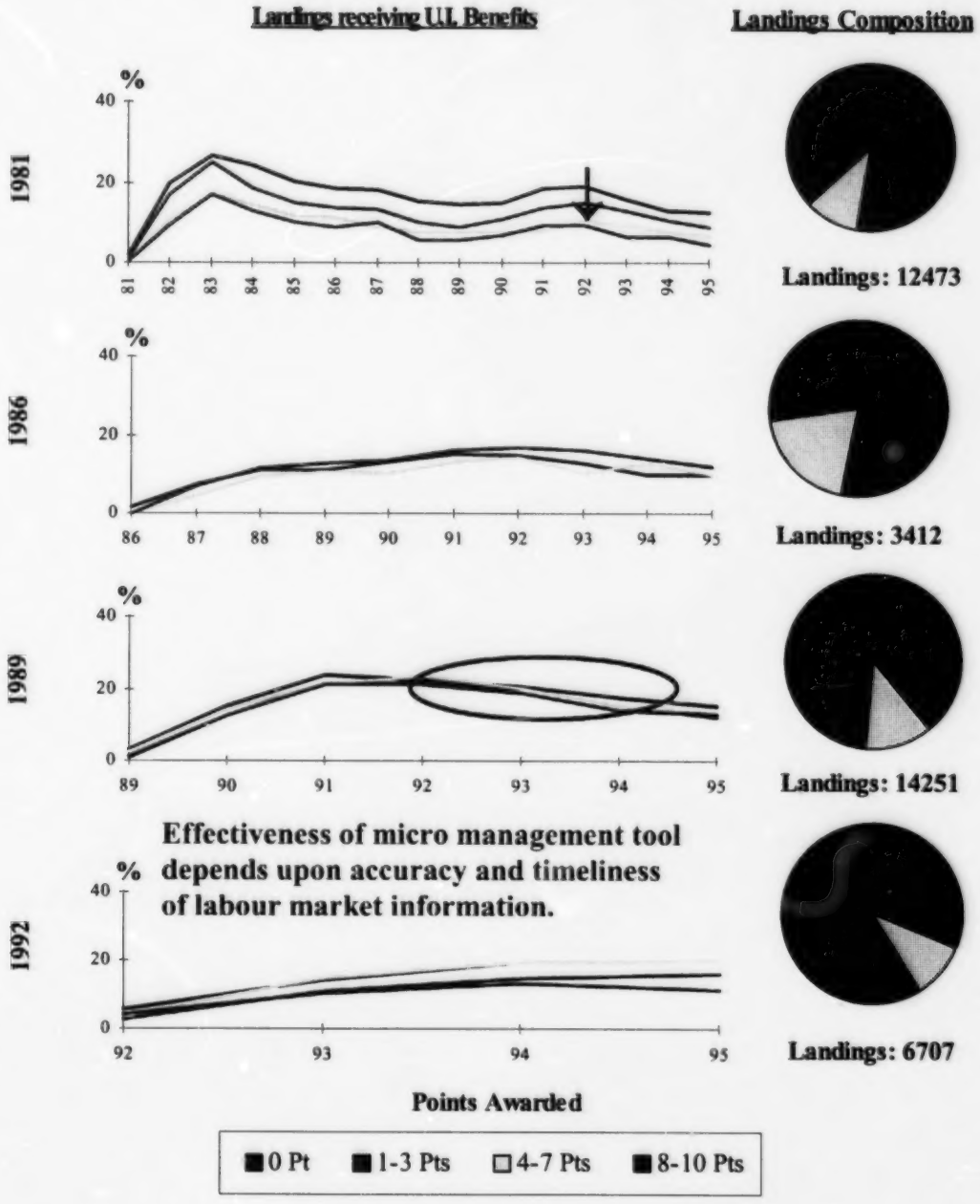
Not a consistent linkage between points and success.

Landings: 9061

Points Awarded

■ 0 Pt ■ 1-3 Pts □ 4-7 Pts ■ 8-10 Pts

SKILLED WORKERS
PROFILE: OCCUPATIONAL FACTOR
SELECTED LANDING YEARS



Personal Suitability

A maximum of 10 points can be awarded for personal suitability. This represents 9% of points available in the grid. The intent of this factor was to capture hard to define attributes that support successful establishment (like adaptability, motivation, initiative and resourcefulness). More recently, the focus of personal suitability has been on more concrete economic factors. Personal suitability points are only awarded to applicants who are interviewed and their determination rests with the visa officer. Personal suitability is a key contributor to the flexibility of the selection grid.

The awarding of personal suitability points has become more generous over time. The share of skilled workers receiving the highest tier of points amounted to about one quarter during the first half of the 1980s. This ratio increased to about half by the 1990s. On the other side of the points spectrum, the share of skilled workers receiving the lowest points has declined (see charts on pages 42 and 43).

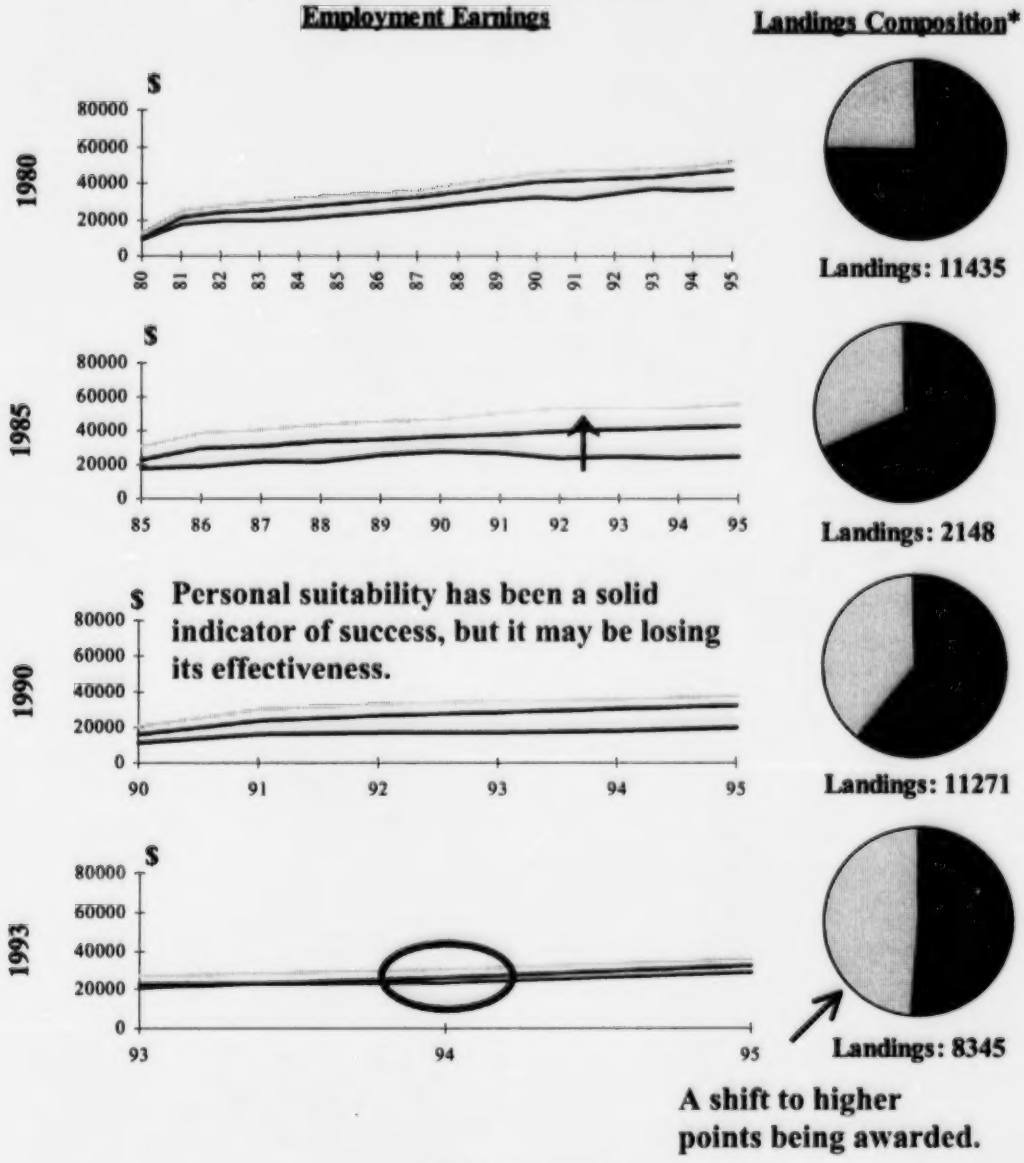
The changes may be a reflection of a more facilitative stance toward immigration. Many of the years in the 1980s were marked by attempts to curtail the movement of skilled workers. However, by the 1990s, the system became much more open. The emphasis shifted toward maintaining/supporting high immigration levels. Another key influence may be the litigation factor. The 1990s have been a time of intense scrutiny and threat of litigation. This may have translated into the reluctance of visa officers to fail applicants who were short only a few points. The shortfall may have been made up by awarding slightly higher personal suitability points, thereby pushing total scores into the low 70s. A final possible explanation may be that personal suitability was used in the earlier years as a measure of attributes not measured in the grid (for example, adaptability). Into the 1990s, the use of personal suitability changed. It may have become a way of overriding the grid to rebalance the weights of existing criteria in the grid (for example, the awarding of personal suitability points could be a reflection by the visa officer of wanting to give more recognition or weight to say the applicant's education or work experience). In effect, visa officers may be viewing the grid weights as out of balance with the changes that have taken place in the labour market. In effect, personal suitability allows them to "update" or rebalance the grid weights.

There is a relationship between personal suitability points and successful establishment. Skilled workers assessed with the highest personal suitability points earn the highest employment earnings and have the lowest incidences of unemployment. However, the performance gap between the point tiers has almost disappeared with landings in the 1990s. This could be an indication that personal suitability is more a discretionary tool as opposed to a factor that gauges successful establishment.

Implications for New Selection Criteria

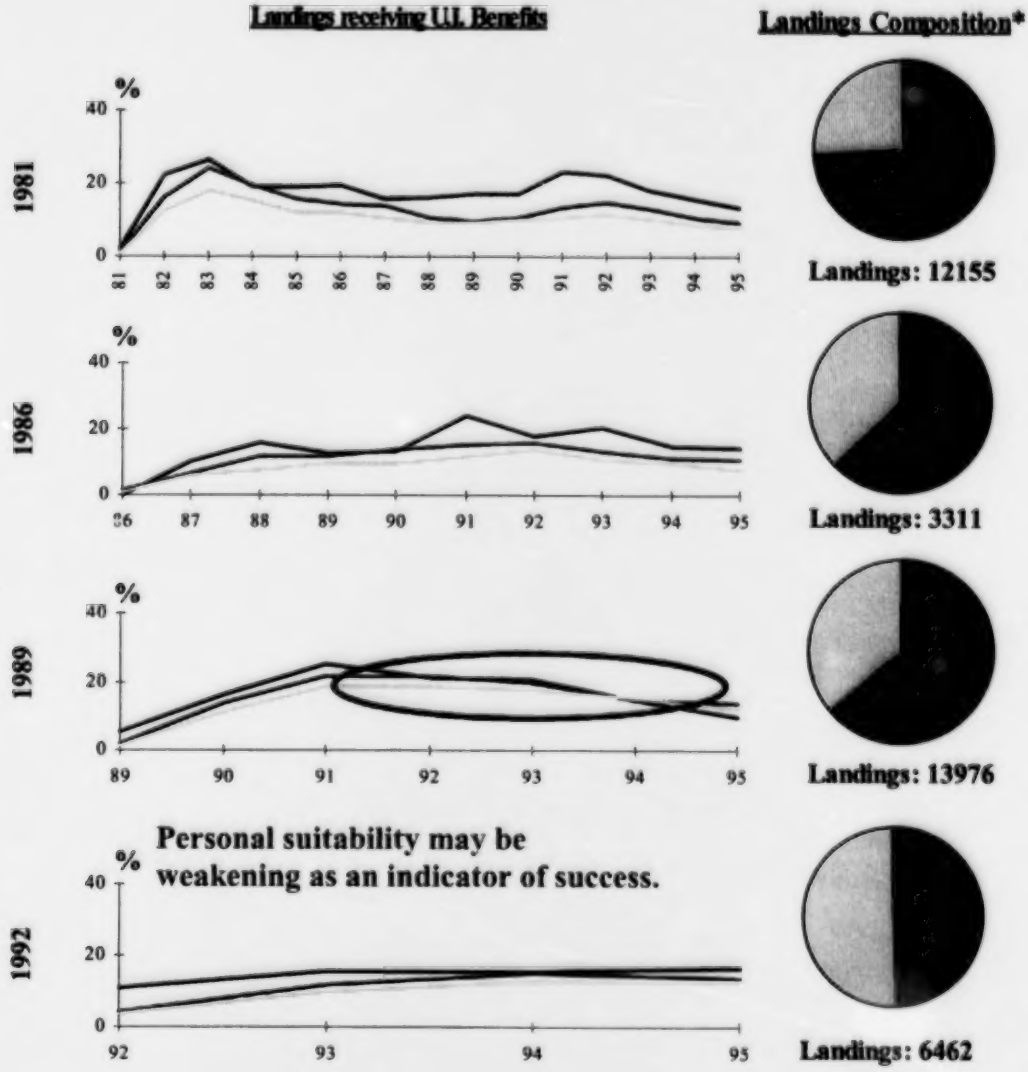
- × The role of **personal suitability** needs to be more clearly defined.
- ✓ It can be an effective indicator of successful establishment and/or it could be used as a form of discretion.
- ✓ To be used effectively, however, personal suitability will likely require interview.

SKILLED WORKERS
PROFILE: PERSONAL SUITABILITY
SELECTED LANDING YEARS



* Interview Only

SKILLED WORKERS
PROFILE: PERSONAL SUITABILITY
SELECTED LANDING YEARS



* Interview Only

Demographic Factor

The demographic factor is a levels management tool that resides within the selection grid. The Minister of Citizenship and Immigration sets the value for the factor and can adjust it for levels control purposes. Once set, it is automatically awarded to each applicant. The factor can take a value from 0 to 10 points. Currently, it is set at 8 points. The factor, in essence, lowers or raises the pass mark.

As every applicant receives the same number of points, this is not a distinguishing factor in terms of successful establishment.

Assisted Relative Bonus

Five points are awarded if the applicant is an uncle, aunt, brother, sister, son, daughter, nephew, niece, grandson or granddaughter of a Canadian citizen or permanent resident who is at least 19 years of age and who resides in Canada.

The number of bonus points available was much higher for most of the period under analysis. Prior to January 1, 1986, between 35 and 50 points were awarded, depending upon the relationship between the applicant and the relative in Canada. This changed in 1986 to a bonus of 10 points. The 5 points came into effect on February 1, 1993.

A key argument for offering bonus points to individuals with relatives in Canada is that these individuals should have an easier time settling into the economy (i.e. the relative is supposed to help with the transition). How true this is, however, is difficult to tell. In the modern nuclear family, the amount of assistance from relatives may not be as strong as it once was.

Nevertheless, there is a cost in terms of the calibre of immigrant due to the awarding of bonus points -- the higher the bonus points the weaker the attributes of the applicant. Bonus points, in effect, allow for the acceptance of marginal candidates. Applicants who are short on the qualifications required by the grid can still pass because of the bonus points. This is analogous to lowering the pass mark. The circumvention of basic qualifications can be further compounded when other soft factors such as personal suitability and a family business job offer are considered.

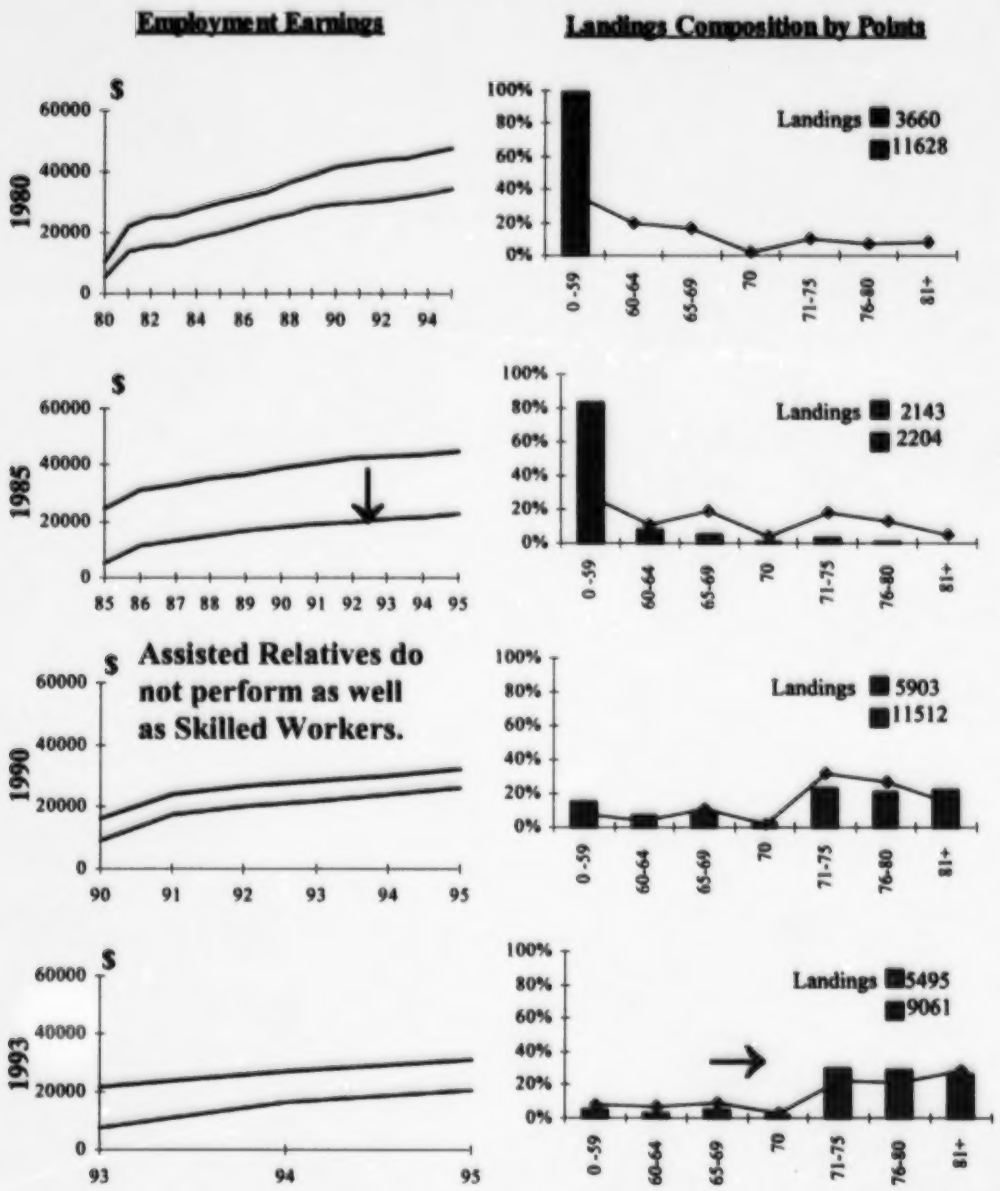
The charts on page 47 show that the economic performance of assisted relatives is poorer than that of skilled workers. The pattern holds across all landing years and across all tax years. Assisted relatives are definitely weaker economic agents.

The basic qualifications of assisted relatives are not as strong as those of skilled workers. The charts on page 48 present a comparison of the composition of landings by education and by SVP. Assisted relatives have tended to have weaker attributes. However, this has changed significantly with the decline in the number of bonus points available. The quality of human capital of the assisted relative has risen with the lowering of the amount of bonus points.

Implications for New Selection Criteria

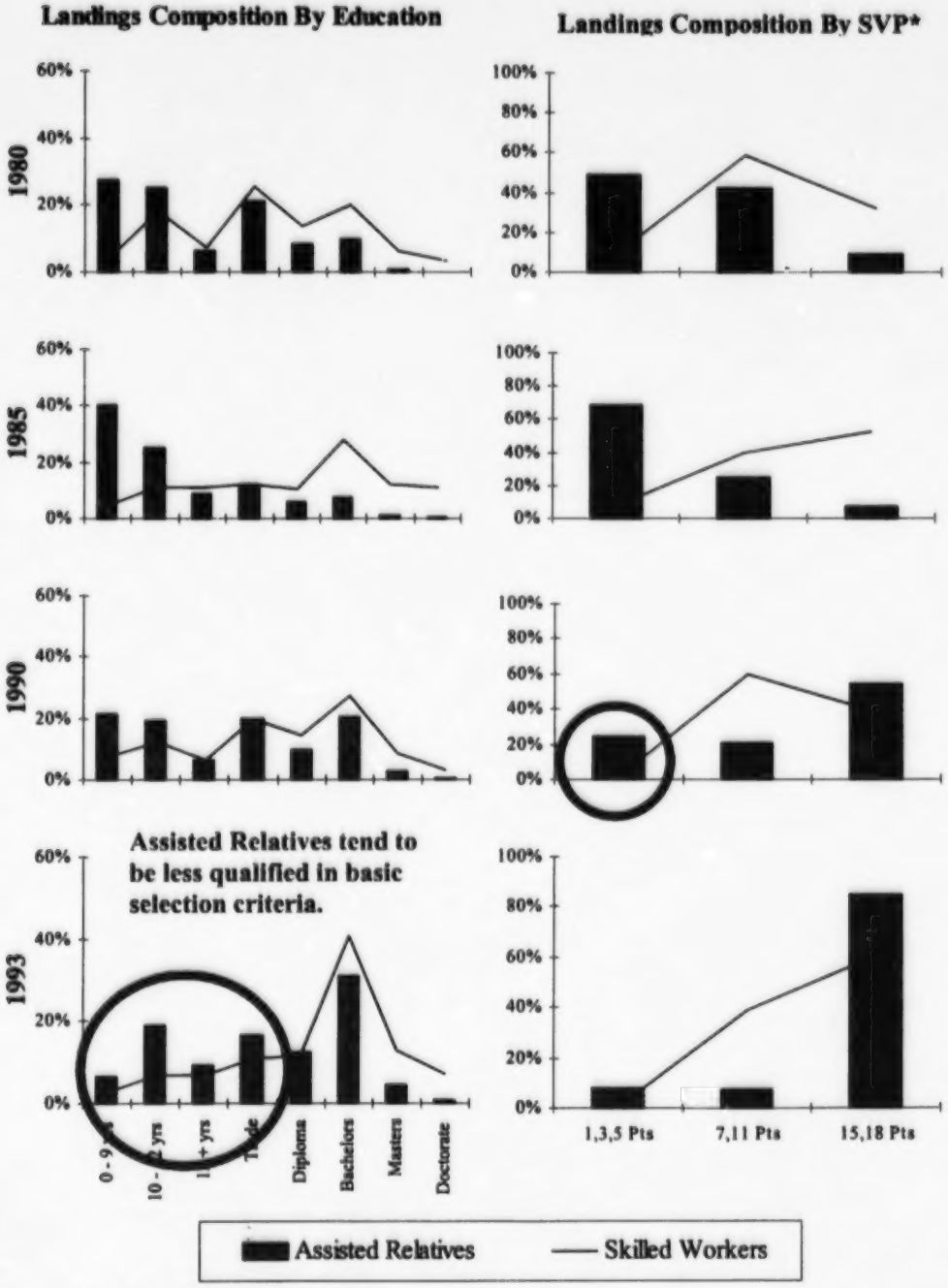
- ✖ The **assisted relative bonus** increases the acceptance of marginal candidates, ones with weaker core attributes.
- ✓ This raises the issue of eliminating bonus points in favour of incorporation into a personal suitability type of selection factor.
- ✓ Any changes must be balanced by non-economic considerations that are important elements of broader immigration objectives, such as the importance of family.

TOTAL POINTS
ASSISTED RELATIVES VERSUS SKILLED WORKERS
SELECTED LANDING YEARS



Assisted Relative bonus raises point scores -- advantage to marginal candidates.

ASSISTED RELATIVES VERSUS SKILLED WORKERS
SELECTED LANDING YEARS



*** Excludes landings with unidentified SVP**

The General Occupations List (GOL)

The GOL is a listing of occupations open to skilled worker immigrants. In addition, the GOL rates occupations according to labour market demand. Points are awarded according to these ratings under the occupational factor criterion.

Overall, entry is barred to applicants whose occupations are not on the GOL. However, an individual who is excluded by the GOL may still apply if he/she has arranged employment or has an occupation on the Designated Occupations List. Also, the visa officer can use positive discretion to overcome the barrier.

The GOL is a micro management tool of the Canadian labour market. Its contents is compiled on the advice of Human Resources Development Canada (HRDC) and through a consultative process. The current list has not been updated since 1993.

Even though certain occupations are excluded in the skilled worker movement, these occupations do come to Canada through the Family and Refugee classes (acceptance is not based on occupation).

Many individuals in excluded occupations, such as medical doctors, have high levels of human capital. The question is whether this human capital can be utilized once in Canada, irrespective of whether it is in the excluded occupation itself or in another capacity. To be utilized in the excluded occupation, the immigrant would likely have to gain Canadian recognition of credentials or upgrade his/her education/skill sets to the Canadian standard. To apply the human capital in another capacity would highlight the transferability of education/training.

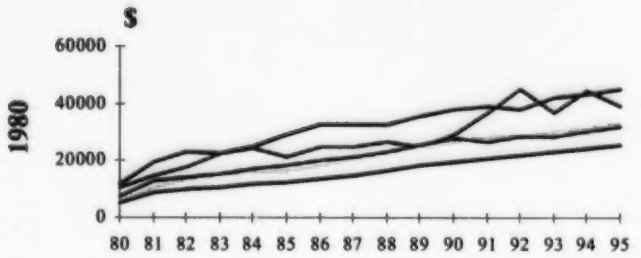
The charts on page 51 and 52 do show that success is possible in Canada even though the occupation is not on the GOL. The occupations that do the best are those with generic, and therefore transferable, skill sets (like managers) and those with the highest levels of human capital (eg. doctors). Other occupations do successfully integrate into the labour market but not as well. Their relative performance is also a result of landing year. As the charts illustrate, the overall performance of teachers, nurses and trades people are not as strong as managers and doctors. This may be a reflection of factors such as: restructuring in various sectors of the economy (i.e. downsizing in health care means a lower demand for nurses. It also raises the number of individuals looking for jobs in areas open to the skill sets of nurses, like home care); the level of unionization in the occupation; and, occupational attachment (less likely to transfer skills to other types of work).

Implications for New Selection Criteria

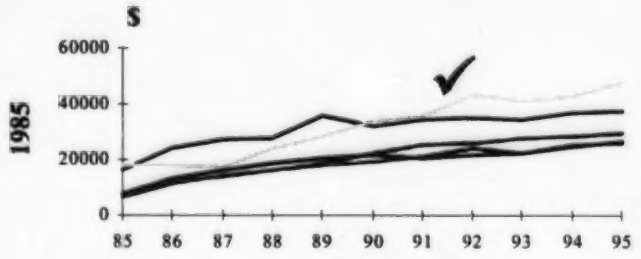
- ✓ There is some indication that individuals in occupations that are excluded in the skilled worker movement by the **General Occupations List** (GOL), but who come to Canada under the Family or Refugee classes, actually successfully establish in the labour market.
- ✓ The concept of the GOL as a labour market screen should be retained. However, its contents and scope need to be re-evaluated.

EXCLUDED SKILLED WORKER OCCUPATIONS
FAMILY AND REFUGEE CLASSES
SELECTED LANDING YEARS

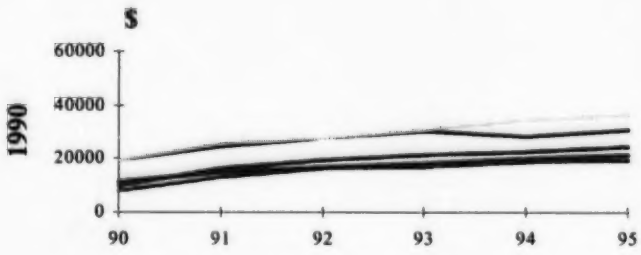
Employment Earnings | **Landings**



- Managers : 185
- Teachers*: 186
- Doctors# : 99
- Nurses : 220
- Trades^ : 325

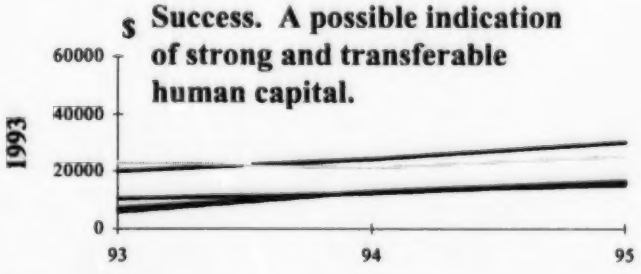


- Managers : 198
- Teachers* : 166
- Doctors# : 85
- Nurses : 237
- Trades^ : 267



- Managers: 306
- Teachers* : 319
- Doctors# : 103
- Nurses : 260
- Trades^ : 570

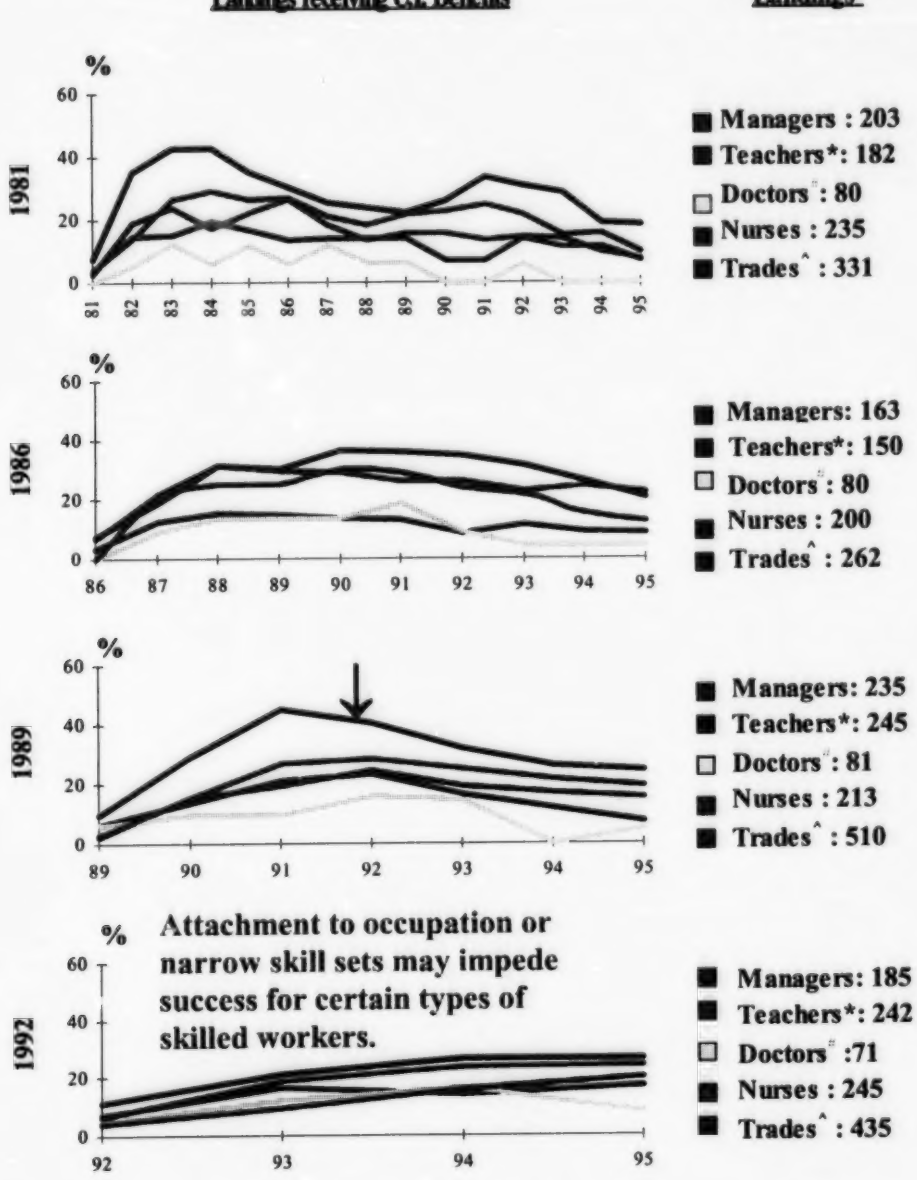
Success. A possible indication of strong and transferable human capital.



- Managers : 227
- Teachers* : 326
- Doctors# : 107
- Nurses : 257
- Trades^ : 430

* Elementary, Secondary Teachers
\# Doctors/Dentists/Veterinarians/Chiropractors/Optometrists/Podiatrists
^ Electricians and Plumbers

EXCLUDED SKILLED WORKER OCCUPATIONS
FAMILY AND REFUGEE CLASSES
SELECTED LANDING YEARS



* Elementary, Secondary Teachers
\# Doctors/Dentists/Veterinarians/Chiropractors/Optometrists/Podiatrists
^ Electricians and Plumbers